

THE WORLD BANK GROUP ARCHIVES

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Folder Title: Eugene H. Rotberg - Chronological Records - Volume 03 - January - June 1970

Folder ID: 1858106

Series: Chronological files

Dates: 01/05/1970 – 06/30/1970

Fonds: Personal Papers of Eugene H. Rotberg

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THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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PUBLIC DISCLOSURE AUTHORIZED

Eugene H. Rotberg chronological files
Vol. 3. January-June 1970

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WBG Archives



Archives



1858106

R2004-194 Other #: 1 215302B

Eugene H. Rotberg - Chronological file Volume 03



Archives



1858106

R2004-194 Other #: 1 215302B

Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970

This File is Closed.

(See Chron. - 2nd half '70)

Chron

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Edith M. Kesterton *Emk*
SUBJECT: Future Travel

DATE: June 30, 1970

This is to advise that Mr. Rotberg is on vacation this week and will return to the Bank on July 6.

Mr. Hittmair is presently on vacation and will return to the Bank on July 17.

OFFICE MEMORANDUM **DECLASSIFIED**TO: Mr. Robert S. McNamara
Mr. S. AldewereldDATE: ^{10/19/2010 SH} ~~Date~~ June 28, 1970FROM: Eugene H. Rotberg *SHR per SHR*CONFIDENTIALSUBJECT: Discussions with Caisse des Depots et Consignation - Paris

I had a rather extensive discussion with Mr. Chatillon, Director of Financial Operations of the Caisse des Depots. His reaction was favorable to the suggestion that the Caisse des Depots lend the World Bank funds under conditions which would, in whole or in part, reduce the balance of payments impact of such a loan. I explained to him that our conversations were most informal and that I would prefer that they not be discussed outside the Caisse des Depots until we could receive from him a more definite reaction and could consider the matter ourselves after some of the details were worked out. He, of course, was aware of the fact that all of our borrowings (as do all transfers of French francs to other currencies) must receive the approval of the Ministry of Finance.

We discussed the possibility of the Bank's borrowing from the Caisse des Depots initially something like \$25 - 30 million a year each year for 2 or 3 consecutive years, with a final maturity of each placement of approximately 7 years. This would result in a series of maturities commencing in 7 years (or earlier if there were provisions for a sinking fund). Mr. Chatillon said that the Caisse des Depots was able to invest in World Bank obligations of that term and, indeed, made loans of 5 to 30 years as well as equity investments, and that this kind of transaction was acceptable. They currently hold investments of about \$6 billion equivalent of which about 20% is represented by short term (less than 1 year) investments. I proposed that a portion of the borrowed funds could remain in the Caisse des Depots or that, alternatively, within a few months we call back a portion -- perhaps a substantial portion of the borrowing in French francs now outstanding on loan (we could call back \$30 million between August 15 and January 15, 1971). I pointed out that to the extent that these funds were called back from our borrowers in French francs (I explained that the dollar equivalent was already set in the amortization schedule, and it remained only a question as to which currencies we would call), rather than in dollars, it would negate, to that extent, any balance of payments impact of our borrowing. Mr. Chatillon noted that such a procedure would also avoid the necessity for him to free up 20% of the loan for short term liquidity purposes as he does on the other loans. Mr. Chatillon asked what interest rate we were prepared to pay and I told him that that was negotiable and that it would be, in part, affected by the interest rate we would receive on funds left with the Caisse des Depots.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

June 28, 1970

I explained in general terms our discretion as to what repayments could be called from borrowers and in what order. He stated that there is little doubt that we could, in fact, mitigate any balance of payments impact and that, if we could treat the French francs as part of our "investment" holdings, it would be most beneficial to them. Mr. Chatillon said that there were only two problems and that these were: (a) the convertibility of the French francs; and (b) the liquidity of the Caisse des Depots, but that the proposal seemed to solve both of his problems. We did not discuss however (a) the exact length of time we would hold the funds in France; (b) the exact amount of the acceptable interest rate differential between our borrowing and investment of the francs; or (c) exactly what percentage of the total borrowing we would hold in France by either calling back French francs or leaving the funds there. Rather we discussed the general principle involved. It is my conclusion that Mr. Chatillon was favorably disposed to the transaction subject to Ministry of Finance approval. Our meeting, which lasted about an hour and a half, concluded by his agreeing that they would consider the proposal in principle without going to the Ministry of Finance; that I would discuss the matter further with Mr. Plescoff on my return and also with Messrs. McNamara and Aldewereld; and that Plescoff on his return to France in July would discuss the matter further with Chatillon and offer his views, after obtaining more definite reactions from the Bank staff.

. . .

There is little doubt in my mind that the Bank can raise substantial funds by this procedure and that there would be considerable benefit to the Bank. Our present investment holdings have no relationship to our borrowings or capital contributions in specific currencies. For example, we have over \$210 million in Sterling although we have borrowed on about 2 or 3 occasions in minimal amounts. We have virtually no funds in Swiss francs despite borrowings of over \$300 million equivalent. We have one month investments of about DM 130 million in Germany (as a precaution if the Bundesbank decided not to roll over) although we have borrowed over \$1 billion; and our holdings in the United States far exceed our balance of payments commitments to the U.S. In a sense this is to be expected since the Bank will generally be in a position of wanting to retain those currencies where we have not borrowed, since those currencies will be weakest, i.e. the country will have balance of payments difficulties and the interest rate on investments of earnings on outstanding capital will therefore be higher; conversely, those currencies where we can borrow,

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 3 -

June 28, 1970

i.e. Germany in 1969 and Japan, will tend to have excess liquidity and lower interest rates. For these currencies the country will wish us to disburse funds (as so will we) rather than put the funds into investments in that currency. As a result, we have an investment mix which is geared mainly to holding currencies which have the highest yield. Now, however, because of the necessity to hold, say, \$1.5 billion in cash simply to service our debt in the mid seventies and as a cushion to fall back on in case the market becomes even tighter, it is in our interest to increase our total liquidity as much as possible beyond that point and lengthen the period in which we can continue to accelerate commitments and disbursements without reaching, say, a rock bottom figure of \$1.5 billion. If we were to borrow in France, say \$100 million over 5 years, our funded debt would go up \$100 million and our cash position would go up \$100 million; and instead of calling back French francs (we have \$140 million equivalent in French francs now out on loan, of which about \$50 million represents our earnings) and disbursing them, we would call them back, hold them and disburse, say, dollars. Of course, this means drawing down dollars. However, we are considerably overcommitted to the U.S. Treasury re our dollar holdings. In addition, the advantage of borrowing from France (or Italy under the same conditions) would permit us to establish a relationship which, if balance of payments conditions improve (say in 7 years) would permit a roll over of the funds and, perhaps if we wished, even a release of the currency. On the other hand, if our debt were not rolled over, we would be in the same position as if we had not borrowed.

Even now we are receiving considerable amounts of French francs on interest on the 140 million of French francs on loan. Because of the interest rate which we recently negotiated with the Bank of France on these French francs, it now pays us to hold and invest these French francs and disburse other currencies rather than redisburse the French francs on loans.

Of course, the idea of placing compensating balances is not a new one and there is a point (which we are not close to) which makes such a proposal unworkable. Thus, we cannot agree with every country to lock up all proceeds of all loans - else we will end up with \$3 billion in cash and no funds to disburse. I recommend that we agree in principle to the transaction; that if necessary we agree to hold the entire amount of borrowings for the entire length of the loan in French francs, if that were absolutely necessary, and that we agree to take perhaps a 1/8 differential loss between our investment and our borrowing (this is considerably less a loss than if we do not borrow and are required to reduce our cash position on investments yielding 8.40% for incremental disbursements on loans yielding us 6-1/4%). In my discussion with Mr. Plescoff before I went to France, he was

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 4 -

June 28, 1970

reasonably confident that if the Bank took steps to minimize France's balance of payments impact we would have little difficulty in effecting this transaction. The problem gets down to a simple concept that the Bank must hold a certain amount of cash -- forever perhaps -- for a wide variety of reasons. The proposal merely contemplates that the Bank in some minor amount should exercise its discretion to have a more diverse mix if that enables us to "free up" other currencies for disbursement. In a sense, all we would have done is provided for the debt servicing obligations and principal repayments of this loan immediately rather than, as in the case of Japan, starting to call it back in two years. Further, the establishment of a possible long term relationship has, of course, useful implications for the future if France's balance of payments position improves although even then it would not necessarily follow that we would want to disburse the funds.

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Hugh B. Ripman

DATE: June 28, 1970

FROM: Eugene H. Rotberg *ERH per ERK*

DECLASSIFIED

CONFIDENTIAL

DEC 27 2024

SUBJECT:

WBG ARCHIVES

Hugh:

I have had occasion to reflect on the suggested move of the Treasurer's Office back to the "A" Building. I feel that move would be quite unsatisfactory. First, our work involves close coordination with the Programming and Budgeting Department. I personally find myself involved in matters dealing with IDA transfer, lending rate, projected interest rates on our securities investments, projected borrowing costs, etc. I am in rather continual contact with personnel in that Department and it would be most inconvenient to be isolated from them. Second, the Controller's Office coordinates its work with the Treasurer's Office and Programming and Budgeting Department. It would, therefore, seem quite inappropriate to split these three offices up into three different buildings. It's bad enough that we are in two separate locations. As you know, my office is directly above Programming and Budgeting now. Third, we have begun rather extensive work with Bill Bennett in the Information and Public Affairs Department re dissemination of information to the "financial establishment" in the U.S. This involves the participation of Mr. Hittmair and myself in a series of financial conferences, both in and outside of the Bank. As a result, we expect people to be coming to William Clark, Bill Bennett and myself for conferences, public affairs seminars, etc. It would be inconvenient to have these people go back and forward between two buildings.

Finally, Hugh, there is a suite of offices on this floor to be vacated by the Controller's Department which is for a Department Head and a Deputy Department Head. Do I understand that there is a second Department Head who must be on this floor, which makes it necessary for us to move? I have today for the first time looked at the offices which you have in mind. It is obvious that there will have to be considerable expense in changing these offices, since there does not appear to be, in the suite you referred to, an office for Mr. Hittmair, Mr. Chang and myself and our secretaries. Further, in view of the fact that we have just finished completely changing our offices here so as to make a rather self-enclosed space, it would seem an unnecessary and duplicative expense. I understand the Treasurer's Department has moved 14 times since the Bank opened. Unless you can suggest some overriding consideration which necessitates this further move and the positive advantages to this office and to the office contemplated as occupying this particular location, I would be most distressed to be required to make such move. I hope that you will reconsider this matter.

cc: Mr. Aldewereld



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

June 23, 1970

Mr. and Mrs. Hideo Suzuki
5322 Falmouth Road
Spring Hill, Bethesda
Maryland 20016

Dear Mr. and Mrs. Suzuki:

My wife and I wish to express our appreciation for your kind invitation. We both had a delightful evening at your house and appreciate your thoughtfulness. We will miss having Mr. Suzuki represent Japan but look forward to a long and pleasant relationship with his successor, Mr. Hattori. My wife and I, of course, are most pleased that both of you are remaining in Washington.

Best regards,

A handwritten signature in cursive script, reading "Eugene H. Rotberg", is written over a faint circular stamp.

Eugene H. Rotberg
Treasurer

TRIP TO PARIS -- JUNE 24 thru JUNE 27, 1970

[Sleep at Hotel RITZ 24th, 25th & 26th]

Wednesday
June 24

6:45 A.M. - Lv. Dulles - TW 802

7:54 A.M. - Arr. N.Y.C. (JFK)

9:30 A.M. - Lv. N.Y.C. - AF 010

9:40 P.M. - Arr. Paris (Orly)

Thursday
June 25

9:00 A.M. - Meet Robert de Lesseps at his Office
64/66 Avenue d'Iena - Phone:
553-2510

10:30 A.M. - O.E.C.D. Meeting
Group of Governmental Experts
on Financial Markets
Chateau de la Muette
2, rue André Pascal

6:00 P.M. - Mr. Chatillon
Directeur des Operations Financieres
Caisse des Depots et Consignation
3 Quai Anatol-France
Paris

Friday
June 26

10:30 A.M. - O.E.C.D. Meeting
(presumably)

Saturday
June 27

10:30 A.M. - Lv. Paris (Orly) -- TW 811

2:05 P.M. - Arr. Dulles

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

Mr. Aldewereld

Siem:

This is to advise that I plan to be away from the office for the following period:

I leave early Wednesday morning (June 24) for Paris, where I will attend the OECD Capital Markets Committee meetings. I can be reached through our Paris Office.

I leave Paris at 10:30 A.M. Saturday and return to Washington at 2:05 P.M. I can be reached at home (593-4134) Saturday afternoon and Sunday. If there are any significant developments re Caisse des Depots I will call you.

On Monday, June 29 through Thursday, July 2, I will be vacationing at Rehoboth Beach, Delaware. Kessie will know how to get in touch with me.

Gene R.
6/23/70

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Chron

In case of emergency EHR can
be reached at the following
number in Rehoboth Beach,
Delaware:

(302) 227-9932

Tell the person who answers the
'phone that he is staying at the
Richter House on the northeast
corner of Jersey & Bayard.

Chen.

Mr. Aldewereld

Siem:

These are the kinds of research reports done by EUROFINANCE which, as you can see, are updated every year. The attached one is on Philips. They also do individual studies on national economies.

Gene R.
June 23, 1970

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg

SUBJECT: Five Year Market

DATE: June 23, 1970

There is attached a memorandum evaluating one issue: whether the Bank can be reasonably assured to roll over, at maturity, obligations issued in the United States' 3 to 5 year public market. There are certain aspects of the intermediate term market which are not considered in the paper, e.g.: (a) whether the Bank can finance all of its requirements in the long term public market (that issue is discussed in a prior memorandum of April 29, 1969); (b) our ability to fully cover the interest cost of an intermediate term borrowing by our investment of the proceeds (this question is essentially determined not so much by whether we can profitably invest the proceeds of the borrowing, but whether we can maintain the level of cash and liquid securities for a period of 5 years); and (c) an analysis of the average life of our funded debt - which, despite the increase in the Central Bank holdings of Japan and others shows a substantial lengthening compared to the middle sixties. Of more significance is whether the two year Central Bank borrowings should be considered long term debt because of the diversity of the holders and the recycling of dollar reserves and whether the obligations issued to the Bundesbank and The Bank of Japan are relatively permanent in terms of the cash flow implications if they were not rolled over at maturity.

There are other aspects of the intermediate term market which are considered in the memorandum of April 29, 1969, which are not repeated in this memorandum. These relate primarily to the structural shift in investor preferences, the increasing demand for long term funds and the limited supply. In the last year many of the trends have intensified and point to continuing pressure in the long term market.

There is also enclosed for your convenience the memoranda reflecting discussions with Merrill Lynch, First Boston and Salomon Brothers & Hutzler on the subject matter.

Attachments

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

Chron
INTERNATIONAL FINANCE
CORPORATION

Mr. Aldewereld

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Gene R.
6/23/70

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Aldewereld

Siem:

You may be interested in
the latest ranking of T. Rowe
Price.

Gene R.
June 23, 1970

T. Rowe Price and Associates, Inc.

INVESTMENT RESEARCH AND COUNSEL

NEW YORK · BALTIMORE · WASHINGTON, D. C.

RICHARD C. TAYLOR
VICE PRESIDENT

June 18, 1970

1660 L. STREET, N. W.
WASHINGTON, D. C. 20036
202 - 659 - 8765

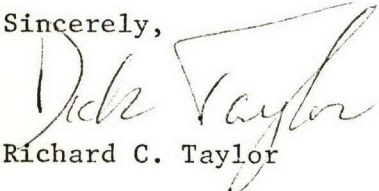
Mr. Eugene H. Rotberg
Treasury Department
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Mr. Rotberg:

First, please accept my thanks for the time and courtesy which you extended to me at lunch last week.

Second, I am enclosing a copy of the figures from the A. G. Becker service which I promised to send to you. Please let me know if I can answer any questions regarding these figures.

Sincerely,


Richard C. Taylor

RCT:phf

Enclosure

50 FUNDS ALL OVER \$50 MILLION ASSETS
 48 PENSION PLANS
 2 PROFIT SHARING PLANS
 ADVISED BY 16 BANK TRUST DEPARTMENTS (39 FUNDS)
 4 INVESTMENT COUNSEL FIRMS (4 FUNDS)
 7 SELF ADMINISTERED

PENSION FUND ADMINISTERED BY
 T. ROWE PRICE

ANNUAL GAIN OR (LOSS) OF PRINCIPAL

RANKING

1960	5.67%	4TH OF 24
61	26.62	6TH OF 29
62	(14.86)	30TH OF 37
63	19.00	8TH OF 41
64	11.52	22ND OF 44
65	22.06	1ST OF 44
66	(4.48)	2ND OF 48
67	32.23	2ND OF 49
68	6.27	24TH OF 49
69	3.34	1ST OF 50

TOTAL ANNUAL ACCOMPLISHMENT
(GAIN OR LOSS + INCOME)

RANKING

1960	8.39%	4TH OF 24
61	29.32	6TH OF 29
62	(12.53)	30TH OF 37
63	21.78	10TH OF 41
64	14.02	24TH OF 44
65	24.47	1ST OF 44
66	(2.40)	2ND OF 48
67	34.46	2ND OF 49
68	7.99	27TH OF 49
69	4.94	1ST OF 50

CUMULATIVE ANNUAL RATE OF RETURN

RANKING

10 YRS.	1960-69	12.07%	2ND OF 24
9 YRS.	61-69	12.37	2ND OF 29
8 YRS.	62-69	10.85	2ND OF 37
7 YRS.	63-69	14.34	2ND OF 41
6 YRS.	64-69	13.15	1ST OF 44
5 YRS.	65-69	12.98	1ST OF 44
4 YRS.	66-69	10.37	3RD OF 48
3 YRS.	67-69	14.45	3RD OF 49
2 YRS.	68-69	6.44	3RD OF 49
1 YR.	69	4.94	1ST OF 50

OUTGOING WIRE

TO: MR. CHATILLON
DIRECTEUR DES OPERATIONS FINANCIERES
CAISSE DES DEPOTS ET CONSIGNATION
3 QUAI ANATOL-FRANCE
PARIS

DATE: JUNE 22, 1970

CLASS OF SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.:

THIS WILL SERVE TO CONFIRM OUR MEETING AT SIX P.M. THURSDAY
JUNE 25 IN YOUR OFFICE STOP I LOOK FORWARD TO SEEING YOU
AND I AM MOST PLEASED THAT AN APPOINTMENT COULD BE ARRANGED
STOP BEST REGARDS

EUGENE ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

NATURE *Eugene H. Rotberg*
(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.

June 22, 1970

Mr. George Cathles
Manager
National Westminster Bank
100 Wall Street
New York, New York 10005

Dear Mr. Cathles:

A few days ago I read with interest that the National Westminster Bank had converted its agency office in New York to a branch, and I want to extend all good wishes to you personally, and to National Westminster Bank in this new venture.

Your Chairman, Mr. Robarts, attended our Annual Meetings last year and, while your headquarters might be well informed of the World Bank's activities, I would be pleased to arrange for your new branch to receive regular releases on our operations if you so desire. I would hope that a relationship could be established that would be of mutual benefit to our institutions.

Sincerely yours,

(signed) Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

cc: → Mr. Rotberg
Mr. Deely/Sec.Div.Files

Deely/Seguin:aa

OUTGOING WIRE

TO: DELESSEPS
INTBAFRAD
PARIS

DATE: JUNE 22, 1970

CLASS OF SERVICE: TELEX

COUNTRY: (FRANCE)

TEXT: 800
Cable No.:

LOOK FORWARD TO SEEING YOU THURSDAY JUNE 25 NINE A.M. IN YOUR
OFFICE STOP REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. 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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For Use By Communications Section

Checked for Dispatch:



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

June 19, 1970

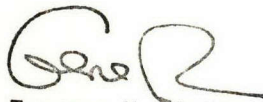
Mr. Arthur Zeikel
Standard & Poor's/
InterCapital, Inc.
1775 Broadway
New York, N.Y. 10019

Dear Mr. Zeikel:

Thank you for your letter of June 11.
It was kind of you to send me the recent
speech by Chuck Reilly, which I found to be
very interesting.

In reply to your query concerning the
management of our pension fund, the matter
is still under consideration and no decision
has yet been made.

Best regards,


Eugene H. Rotberg
Treasurer



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

June 18, 1970

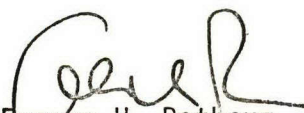
Mr. Richard C. Taylor
Vice President
T. Rowe Price and Associates, Inc.
1660 L Street, N.W.
Washington, D.C. 20036

Dear Dick:

Thank you for your note. It was very good talking to you a few weeks ago. I look forward to receiving the 1969 A. G. Becker study results.

You may recall that I asked you whether you would talk to a friend and neighbor of mine, Daniel Fishman. As I told you, he has a great deal of ability and is quite bright. If he calls you (I suggested that he do so), I would appreciate it if you could arrange for a few moments to see him.

Kindest regards,


Eugene H. Rotberg
Treasurer

T. Rowe Price and Associates, Inc.

INVESTMENT RESEARCH AND COUNSEL

NEW YORK · BALTIMORE · WASHINGTON, D. C.

RICHARD C. TAYLOR
VICE PRESIDENT

June 1, 1970

1660 L. STREET, N. W.
WASHINGTON, D. C. 20036
202 - 659 - 8765

Mr. Eugene H. Rotberg
Treasury Department
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

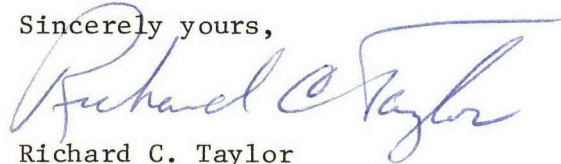
Dear Mr. Rotberg:

Please accept our thanks for the time and courtesy
which you extended my partner and me last week.

As soon as I receive an updated sheet on the 1969
A. G. Becker study results, I will send the figures to you. I
understand that the 1969 work returned us to first place for most
of the periods for the ten years ended December 31, 1969, this time
among fifty managers rather than twenty-one.

I hope that there might be an opportunity for us to
apply our work to your situation.

Sincerely yours,



Richard C. Taylor

RCT:phf

MEMO-letter®

Richard C. Taylor

T. Rowe Price & Asso. Inc.

1660 L. Street, N.W. • Washington, D.C. 20036 • Phone 202 659-8765

To _____

Date 5-19-70

Subject _____

I have often been asked questions regarding the items covered in these two recent articles from national financial publications, and I thought they might interest you.

APRIL 1970

INVESTMENT COMPANY NEWS

By HENRY ANSBACHER LONG

Indeed! Let us look at the records of two of the top performing funds singled out in our February column for superior investment results during the four-year period ending on December 31, 1969. It will be recalled that Standard and Poor's 500 was at the same level at the commencement and end of this period. According to our Index, two no-load funds—Johnston Mutual and T. Rowe Price Growth Stock Fund—increased in per share net asset value 40.0% and 32.3% respectively. But, more significantly, without the benefit of a sales organization, total assets of each of these two funds increased approximately three-fold, resulting in a substantial addition to management fees. Thus Johnston's total assets expanded from \$54.2 million to \$143.2 million, Rowe Price's from \$196.8 million to \$613 million.

Interestingly, Rowe Price has had a minimal turnover in its research group during the last several years, losing only one man who has subsequently returned to the organization. Mr. Hart-

well, however, has failed to show us the other side of the coin—when the performance bonus is non-operative, or is transmuted into a penalty. This is another negative resulting from a performance fee. The adviser will be earning less money at the very time he may need additional personnel in his research department. Instead of hiring more or better people, he may be forced to reduce his staff, thereby further jeopardizing the management of the investments in his funds.

Awareness of the attitude toward performance fees of our neighbor to the North is also apposite. A release dated December 9, 1969 summarizing the 825-page report of Canadian Committee on Mutual Funds and Investment Contracts, a governmental group, states in part:

Performance Bonuses (arrangements whereby the mutual fund investment manager benefits from obtaining an above-average rate of return for the fund) cannot be fairly calculated and charged, the Committee said. Therefore, "management fees should be required to be calculated as fixed percentages of average total net assets and the percentages should not be affected by performance of the mutual fund" (paragraphs 11.39-.56).

T. Rowe Price and Associates, Inc.

The Funds

Why Rush?

THE last 17 months have been a nightmare for many mutual fund managers. But nobody at T. Rowe Price & Associates in Baltimore is waking up screaming these nights. All three of the funds Price manages (combined assets: \$816 million) have easily outperformed the bearish stock market.

T. Rowe Price Growth Stock Fund (\$613 million assets) actually showed a 2% gain for all of 1969 vs. an 11% decline in Standard & Poor's 500-stock index. Rowe Price's "inflation" fund, New Era, declined just 3% from its January 1969 initial price, and the third fund, New Horizons, just 7%.

What's the secret? "We didn't do a thing different," says William B. Thompson, vice president of the management company. The market just caught up with the way Price thinks. Price Growth benefited, for example, because "people recognized the Xeroxes and IBMs and Polaroids and Disneys [all major holdings for the fund] in 1969, after they ignored them in 1968 when the market play was in the smaller companies."

Why didn't this have just the reverse effect on New Horizons, which invests solely in small companies? "We didn't own a lot of junk in New Horizons," says Thompson. "Many are the leaders in their areas: Avery Products, in adhesives; H&R Block in income-tax

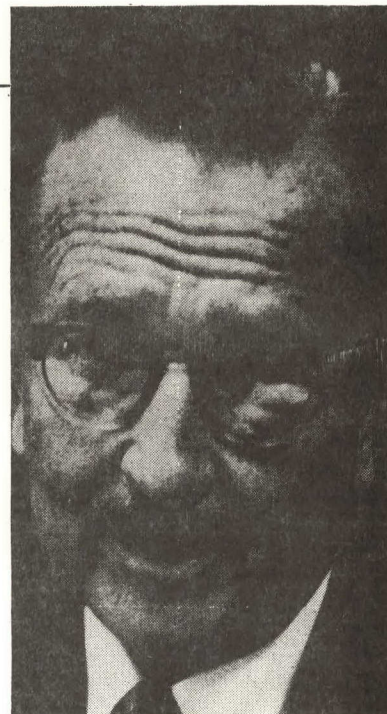
preparation; Host International, airport concessions; Pinkerton's. We were not totally bailed out, however. Many of the stocks we had put away for the long pull turned out to be under weak ownership. When some people wanted to dump them, they did so without mercy and murdered the price." Examples: Kentucky Fried Chicken and Planning Research.

New Era (FORBES, July 1, 1969), the Price group's newcomer, still had 36% of its assets in cash at the year's end. Many of the stocks it bought fell, but the fund kept its overall loss to a minimum by dollar averaging. Says Thompson: "We had the conviction to buy more when prices went down." Among its biggest holdings are Xerox, American Metal Climax, Union Pacific and Hecla Mining.

In an era when in-and-out trading is in vogue, the Price organization is kind of old-fashioned. In 1969, when 75% and 100% turnover was common as fund managers tried to outguess the market, Price Growth's turnover was 20%, New Horizon's 29%.

"We've found there are very few stocks you miss by moving slowly," says Thompson. "The important thing is to identify what you want."

Thompson does not look for huge gains once the current bear market comes to an end. Says he: "If you can go through a sick market and



Change. Thomas Rowe Price, 72, a pioneer of the growth-stock philosophy, is on a new kick with New Era Fund. This fund bets on continuing inflation. So, it has been buying oil stocks while the Price growth funds, from which he has retired, have been selling them.

not go into the hole any deeper than 2%, 3% or 4% on the next upswing, you're working from a much higher base than the fellow who went down a lot. Some funds last year went down 50%. In the next upswing, those funds have to show a rise of 100% just to get back out of the hole." ■

FORBES, MAY 1, 1970

T. Rowe Price and Associates, Inc.

INVESTMENT RESEARCH AND COUNSEL

ONE CHARLES CENTER - BALTIMORE, MD. 21201

DRAFT INSERT
EHRotberg:emk
June 18, 1970

In this connection it may be useful to project a hypothetical borrowing program commencing in July 1970 through December 1972 under conditions of declining borrowing rates. The table below shows the monthly cost of borrowing as computed by averaging the actual cost of borrowing for the preceding six months from March 1968 through June 1970 and the projected cost from July 1970 through December 1972. Thus, the cost of borrowing for March 1968 (6.39) reflects the actual cost of borrowing for the period October 1967 through March 1968; the cost of borrowing for April 1968 (6.40) reflects the actual cost of borrowing from November 1967 through April 1968, etc. The projection assumes, hypothetically, that the Bank will borrow on a gross basis \$3 billion distributed equally over the next 2-1/2 years. The projection further assumes that borrowing costs will fall from 9-1/4% (the present rate) to 8.25% by December 1970; to 7.50 by December 1971 and to 7% by July 1972. Even under these assumptions, which assume a substantial improvement in long term capital markets throughout the world, the Bank will have had a negative spread for all but 7 months in the 57 months between March 1968 and December 1972 if we were to maintain a 7% lending rate.



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

June 18, 1970

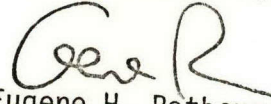
Mr. Paul A. Wolkin, Director
Joint Committee on Continuing
Legal Education of the ALI-ABA
4025 Chestnut Street
Philadelphia, Pennsylvania 19104

Dear Mr. Wolkin:

Thank you for your letter of June 12. I am
unable to send you a copy of the speech which I
gave at the 1970 ALI-ABA Conference last Wednesday
as my remarks were made from rough notes. I am,
however, enclosing a copy of recent remarks given
at the Los Angeles Bond Club, about one-quarter of
which I used at the ALI-ABA luncheon.

I appreciate your compliments. It was indeed
a pleasure meeting with my ALI-ABA friends.

Kindest personal regards,


Eugene H. Rotberg
Treasurer

Director: PAUL A. WOLKIN



JOINT COMMITTEE ON CONTINUING LEGAL EDUCATION
of the AMERICAN LAW INSTITUTE and the AMERICAN BAR ASSOCIATION
4025 Chestnut Street ■ Philadelphia ■ Pennsylvania 19104
215: 386-8310

June 12, 1970

Mr. Eugene Rotberg
Treasurer
Work Bank
1818 H Street, N.W.
Washington, D.C.

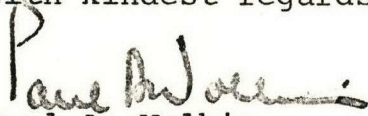
Dear Mr. Rotberg:

Although I unfortunately was prevented from hearing it by another and immutable appointment, I have heard some extremely favorable comments on the speech you made to the Wednesday luncheon last week at the 1970 ALI-ABA Conference on New Perspectives in Securities Regulation. On behalf of the ALI-ABA Joint Committee and of those who registered for the program, I want to express to you our gratitude and appreciation for your very well-received address.

If it is readily available, I would appreciate receiving a copy of the text of your speech.

It was indeed a pleasure having you with us. Thank you again for your provocative remarks.

With kindest regards,


Paul A. Wolkin

Chairman: NORRIS DARRELL, New York, New York □ Vice Chairman: BERNARD G. SEGAL, Philadelphia, Pennsylvania □ W. E. BONDURANT, Roswell, New Mexico □ MICHAEL H. CARDOZO, Washington, District of Columbia □ HASKELL COHN, Boston, Massachusetts □ WILLIAM E. CRAIG, Prescott, Arizona □ JOHN J. CREEDON, New York, New York □ GEORGE D. GIBSON, Richmond, Virginia □ MENDES HERSHMAN, New York, New York □ ERBY L. JENKINS, Knoxville, Tennessee □ CARL MCGOWAN, Washington, District of Columbia □ FRANKLIN M. SCHULTZ, Washington, District of Columbia □ GEORGE C. SEWARD, New York, New York □ HENRY J. TePASKE, Orange City, Iowa □ WESTON VERNON, JR., New York, New York □ THEODORE VOORHEES, Washington, District of Columbia □ HERBERT WECHSLER, New York, New York □ EDWARD L. WRIGHT, Little Rock, Arkansas.

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

FROM: Eugene H. Rotberg 

SUBJECT: Borrowing: Caisse des Depots

DATE: June 17, 1970

This refers to our conversation concerning a possible borrowing with the Caisse des Depots in France. As I have indicated, although I do not feel too optimistic, an approach which assured a fairly long-term zero impact of a borrowing on France's balance of payments problems might be looked upon favorably. We now have outstanding on loans in French francs some \$140 million equivalent which we can start to call back this summer. It would seem that by selective calling of French francs (or any other currency) on loan repayments, we could effectively neutralize any borrowings from countries with balance of payments problems. Of course, this would involve disbursing more dollars, calling and retaining other currencies and changing the mix of our \$2.1 billion somewhat so as to increase the percentage of non-dollar currencies of developed countries. As you know, we are "over-committed" in the U.S. in terms of our dollar holdings for balance of payments purposes.

I will, of course, in accordance with your suggestion, make it clear to the Caisse des Depots that any possible transaction requires French Government approval.

cc: Mr. McNamara

Chron

INTERNATIONAL FINANCE CORPORATION

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

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

REGISTERED
AIR MAIL

June 17, 1970

The Yemen Currency Board
P.O. Box No. 59
Sanaa, Yemen Arab Republic

Gentlemen:

Enclosed please find Capital Stock Certificate
No. 106 certifying that the Yemen Arab Republic is the
owner of 47 fully paid shares of the capital stock of
the International Finance Corporation.

Very truly yours,

(signed) Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

Enclosure: 1

cc: Mr. S. Osman Ali
cc: Mr. Gaud
Mr. Richards
Mr. Hassan
Mr. Benjenk
Mr. Mendels
Mr. Cirillo
IFC Circulation (2)

cc: Mr. Rotberg
Mr. Poore
Mr. Y.L. Chang
Mr. Prins
Mr. Rutland
Mrs. Manion

EHRotberg:emk

OUTGOING WIRE

TO: MARC ALEXANDRE
MANAGING DIRECTOR
EUROFINA
PARIS

DATE: JUNE 17, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.:

Chron.

I EXPECT TO BE IN PARIS JUNE 25 AND 26 STOP WOULD APPRECIATE
INTRODUCTION AND MEETING WITH MR. CHATILLON OF CAISSE DES DEPOTS
IF CONVENIENT STOP OF COURSE ANY POSSIBLE TRANSACTION INVOLVING
BORROWING MUST RECEIVE FORMAL APPROVAL OF FRENCH GOVERNMENT UNDER
OUR ARTICLES STOP REGARDS

EUGENE ROTBERG
INTBAFRAD

*Not sent.
Phoned
instead.*

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *Eugene Rotberg*
(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: _____

Chun

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Message from Mr. Baker, First Boston

GROSS BORROWING FROM THE PUBLIC IN 1969:

Federal Home Loan Banks \$8,199,000,000

Federal Land Banks \$2,135,000,000

FIC \$5,061,000,000

FNMA:

 Debentures \$4,400,000,000

 Capital Debentures ---

 Discount Notes \$8,991,000,000

P.S.: The winning group on the new 5 year
TVA's which they [First Boston] are
reoffering at 101 to yield 8.50,
with an 8-3/4 coupon.

Kessie
6/16/70 10:50 a.m.

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: JUNE 16, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. SHIJURO OGATA AND MR. GENSO FUJIMOTO
I WISH TO TAKE THIS OPPORTUNITY ON THE OCCASION OF THE
CONCLUDING DISBURSEMENT FROM OUR MOST RECENT BORROWING OF
JAPANESE YEN TO AGAIN THANK YOU FOR YOUR ASSISTANCE AND
COOPERATION STOP WE LOOK FORWARD TO A CONTINUING AND
SUCCESSFUL RELATIONSHIP BETWEEN OUR RESPECTIVE INSTITUTIONS
TOWARD THE AIM IN ASSISTING THE WORLD DEVELOPMENT STOP
KINDEST PERSONAL REGARDS

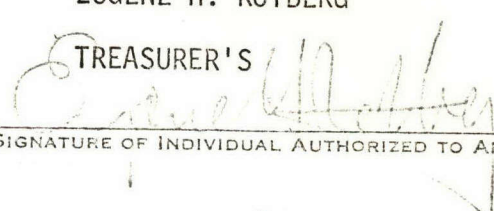
EUGENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

EHRotberg:emk ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: June 15, 1970

FROM: Eugene H. Rotberg *ER*SUBJECT: U. S. Government and Federal Agency Securities

Total U. S. Government and Federal Agencies held are \$ 994,255,806*
Face Value as of June 16. Of this total approximately 31.7%, i.e.,
\$ 315,735,806, are Obligations of the United States pursuant to the opinion
of the U. S. Attorney General, or backed by the full faith and credit of
the U. S. Government:

Federal National Mortgage Association Partic. Cert.	\$ 75,000,000
Federal National Mortgage Association Capital Deb.	25,000,000
Export-Import Bank Participation Certificates	11,500,000
Export-Import Bank Debentures	25,000,000
Government-National Mortgage Association Bonds	50,000,000
Farmers Home Administration Notes	99,985,806
United States Treasury Notes	<u>29,250,000</u>
	<u>\$ 315,735,806</u>

A similar analysis was made as of September 10, 1969 in the Board Paper
re "Investment of Bank Funds in United States Government Agency Securities."
Total U. S. Government and Federal Agencies then held were \$ 723,000,000* Face
Value, of which approximately 30.5%, i.e., \$ 220,750,000 were Obligations of
the United States pursuant to the opinion of the U. S. Attorney General, or
backed by the full faith and credit of the U. S. Government.

* Excluding Treasury Bills.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara ✓
Mr. S. Aldewereld
FROM: Eugene H. Rotberg *EHR*
SUBJECT: Bond Operations

DATE: June 5, 1970

1. GERMANY:

I received a telephone call from Dr. Guth of the Deutsche Bank on Thursday, June 4. He advised me that the market in Germany has not improved; that certain Government guaranteed issues have recently come out with an 8-1/2% coupon and that the Deutsche Bank and Morgan Stanley had that day priced an offering in the Euro-dollar market for Continental Oil with a 9-1/4 coupon. He called to advise that if we wished to go ahead with our public issue, it probably could be placed with an 8-1/2% coupon, discounted to yield 9.25 to the public. This would result in a cost of something like 9.40 for us. He asked whether I thought that we would be prepared to go ahead on that basis and that, if so, he would approach Dr. Hankel on our behalf. I told him that I would not recommend our going forward at that rate and I would prefer that he not approach Hankel on this matter. Guth said that he had expected that would be our response but that he just wanted to keep us informed as to the state of the market; that he was most disappointed that we could not go forward with an issue at an 8% coupon, etc. I advised Guth I would call him back the week of June 8 after discussing the matter, further, with other officials of the Bank. I asked him to explore in the interim, however, the possibility of a private placement inasmuch as he indicated that the insurance companies had substantial funds and were sitting on the side lines. He said he would do so.

2. JAPAN:

I spoke to Mr. Suzuki as a follow-up to the discussion with John Adler in Paris. Suzuki made inquiry of the Japanese authorities and has advised me that The Bank of Japan does not expect to do a placement with us in June; they will consider the matter of a further borrowing "later" after considering their foreign exchange position. Suzuki told me he has recommended borrowings of \$200 million, equivalent, in FY 70 and \$200 million, equivalent, in FY 71.

3. CANADA:

As you know, the Bank of Canada has been accumulating reserves at a rapid rate in the recent past. The Bank rate has dropped and money

President has seen

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

June 5, 1970

is becoming somewhat more available. On the basis of such information, I contacted A. E. Ames & Co. about the possibility of a public issue. The attached copy of their letter is self-explanatory. Last week, as a further indication of the strength of the Canadian dollar, the Bank of Canada went to a floating rate. I called Pat Reid and asked him whether the Bank of Canada might be prepared to lend us funds, apart from the two year bonds, in view of their current favorable position. Reid said that he would explore the matter informally with the Bank of Canada but he said there might be some legal restrictions in their purchasing obligations of longer than two year maturity. We also discussed the possibilities of doing a public offering or a private placement, particularly since there may be some excess liquidity in specific sectors. Reid said he would also explore these matters in Toronto, both with the Bank of Canada and with commercial bank sources. He expects to be in Toronto Monday, June 8, and upon his return later in the week I should have some further information.

J. O. HUGHES, *Chairman* W. B. MACDONALD, *President*
W. J. PIPER, J. M. STEWART, *Executive Vice-Presidents*
R. N. STEINER, *Senior Vice-President*
Vice-Presidents
R. L. BROWN P. M. FISHER E. C. LIPSIT
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A. W. MITCHELL J. H. MILNE M. J. BINNINGTON
E. B. THOMSON D. E. FOYSTON R. I. BRAKE
J. G. LAMB R. G. MATTHEWS A. A. DEPOMPIGNAN
C. J. OATES

A. E. Ames & Co.
Limited
Business Established 1889

320 BAY STREET, TORONTO
TELEPHONE 867-4000

	TORONTO	
MONTREAL	NEW YORK	LONDON, ENG.
PARIS, FRANCE	LAUSANNE, SWITZERLAND	
VANCOUVER	VICTORIA	WINNIPEG
CALGARY	EDMONTON	QUEBEC
LONDON	HAMILTON	OTTAWA
KITCHENER	ST. CATHARINES	OWEN SOUND
	PETERBOROUGH	

April 29, 1970

Eugene H. Rotberg, Esq.,
Treasurer,
International Bank for Reconstruction
and Development,
1818 "H" Street, N.W.,
Washington, D.C. (20433),
U. S. A.

Dear Mr. Rotberg:

As requested, we are pleased to furnish some information on Canadian debt markets with particular reference to securities of the World Bank.

From January, 1965 to January, 1970 the Canadian bond market went through a period of rapidly rising rates. During this time with practically no interruption, rates on long-term Canadian government bonds moved from 5% to 8.35%. As you are aware, during this period the World Bank issued bonds in Canada in 1965, 1966, 1967 and 1968 at interest rates of 5 1/4% to 7%. With one exception these issues were quite difficult to market although the rates were reasonable at the time and the quality was of course unquestionable. The Canadian bond market during these years was generally an institutional one. Large sums in proportion to our size were raised in the domestic market. The Federal Government was running deficits so they were constant borrowers, both for new money and for refunding purposes. This of course put pressure on other rates. The provinces were also running large deficits and our two largest provinces, Ontario and Quebec, were very large borrowers - particularly for Hydro purposes. Most of the Hydro-Electric development in Canada is carried on by Government agencies, securities of which are guaranteed by the respective provinces. Corporations were also heavy borrowers and municipalities, due in large part to urbanization, were faced with great difficulties in meeting demands for funds under the conventional pattern of serial bonds which they had followed for many years.

The spread in rates between the various classes of borrowers widened as rates rose. The Province of Ontario and the securities of Ontario Hydro have for many years been considered the prime and major borrower after the Federal Government. Theoretically,

A. E. Ames & Co.
Limited

E. H. Rotberg, Esq.

- 2 -

April 29, 1970

securities of the World Bank should have been marketed at rates between those of the Federal Government and Ontario or Ontario Hydro. However it was felt in 1965, as the Bank had not been in the Canadian market for many years and was not too well known to Canadian investors, that institutions would require a somewhat greater yield than the prime provincial borrower. This pattern was followed in subsequent issues.

The main suppliers of funds to the Canadian debt market in recent years have been life insurance companies, governmental funds, trust companies, pension funds and the chartered banks. The public were not too interested in debt securities, because of the escalating yields and the general interest in equities. This attitude has shifted in recent months.

In the late 1960's insurance companies, due to new income tax regulations, heavy demand from policy-holders^{for} loans, and increased participation in mortgages and real estate became less active participants in the bond market and in fact in some cases became net sellers. Chartered banks have not to our knowledge been buyers of public World Bank issues to any extent. Their major bond holdings are in Canada bonds for legal and liquidity purposes. The chartered banks are required to keep minimum cash reserves of 12% of demand deposits and 4% of notice deposits. This ratio currently averages 6.25%. In addition, the banks currently are required to keep a secondary reserve of day-to-day loans with investment dealers and Treasury Bills of an additional 8%. Canadian banks have also by custom kept a percentage of their total assets in what is described as more liquid form. This consists of Bank of Canada notes and deposits, day loans, Treasury Bills, Federal Government bonds, net foreign assets and call loans. This ratio has ranged between 33% and 25% in the last four years and currently stands at about 27%. This is one of the major reasons why the banking system hold and are constant buyers of large amounts of Federal Government issues, and also a reason for the wide spread in yield between such securities and provincial, corporate and municipal bonds. It is possible though that a market could be developed through the banking system in shorter term securities of the World Bank, say up to five years, concurrently with long-term issues.

The Canadian institutional bond market is probably unique in the world in that there is a very active secondary market and institutions are constantly switching their portfolios to take advantage of anomalies in the marketplace. In the distribution of issues, institutions trade outstanding issues to pay for their new purchases. Marketability has become a very important factor in the Canadian bond market. This is a major reason for the difficulty

A. E. Ames & Co.
Limited

E. H. Rotberg, Esq.,

- 3 -

April 29, 1970

in marketing municipal issues. Most corporate and provincial issues have either compulsory sinking funds or general sinking funds which aids in making for a reasonable market for their securities. Institutions in considering securities of the World Bank would have generally no objection to the rates and non-call features, but would find the size of the purchase fund and the lack of an after-market obstacles to participation.

We would feel that future issues of the Bank in Canada should recognize this lack of marketability and create issues with larger purchase funds or even sinking funds of a specific or general nature. In the last two years, partly due to rapidly escalating rates, many governments and corporations have issued securities in which either an approximate 5-year bond was extended at the holder's option for a longer term, or a longer term security was callable at the holder's option only after four to five years. These types of securities have been very popular as it partially protects the investor from further upward escalation of rates. Issues of this type sell from 1/4% to 1/2% lower in yield than conventional long-term issues.

With recent issues of Ontario Hydro of a long-term nature trading at around 9.00%, and with limited dealing in World Bank issues at about the same rate, we would expect a new long-term issue of say \$25,000,000 of World Bank securities with some of the added features mentioned above could be marketed at this time at an interest rate of 9% at some discount. A 5-year security would probably be marketed at a slightly lower rate.

With a two year lapse since the last issue of Bank bonds in Canada, it would be most important to update the story at meetings with institutional investors.

We hope that the above will be of some help to the Bank in considering the issuance of securities again in the Canadian market. We would appreciate the opportunity of discussing this subject with you more fully in Washington or in Toronto at your convenience.

Yours truly,

A. E. AMES & CO. LIMITED,

per:



Vice-President



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

June 3, 1970

Mr. Frederick Cardin, Jr.
8 Copley Street
Winchester, Mass. 01890

Dear Mr. Cardin:

Thank you for your letter. I look
forward to hearing from you soon. Let
me know about your plans.

Best regards.

Sincerely,

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

Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: June 3, 1970

FROM: Eugene H. Rotberg 

SUBJECT:

The following outline suggests a program to bring to the attention of investors the role and financial condition of the World Bank. The approach would stress (a) the purposes of the Bank, (b) its care in lending operations, (c) sound management, (d) the Bank's high financial standards, its financial structure, earnings, and (e) its reliance on world capital markets for resources.

I. Financial Reports

It is suggested that the Bank publicly disclose more information about its financial condition on a regular basis. I suggest the following:

1. Issuance of quarterly financial statements. These reports might be disseminated with a covering letter from Mr. McNamara setting forth a few salient features and comparisons with previous reports.
2. Information conferences in Washington. In attendance would be national financial editors and, at separate conferences, institutional investors who would be briefed on the latest developments in the Bank with particular emphasis on its financial condition. These conferences might be held simultaneously with the issuance of quarterly financial reports, or, between them if we wished to increase our exposure.
3. A Bank official familiar with its financial affairs might host one or two financial briefings a year outside of Washington. These meetings might be held in New York, Chicago, or Los Angeles, etc. with financial editors and economic writers, from newspapers and business periodicals. The information would not be for attribution, but only for background purposes.
4. Preparation and dissemination of a "World Bank Financial Brochure". At or about the time of our recent public bond issues in the U.S., we prepared a brochure showing relevant changes in the Bank's financial condition and its development activities over an extended period of time. We should update the Brochure, include charts on our U.S. Balance of Payments contribution, selected cash flow items, possibly return on capital, earnings, etc.

The Brochure would be distributed to securities firms and institutional investors, perhaps once a year, well in advance of any consideration of a public issue so as to not affect the public market. A copy of our most recent brochure is attached.

II. Attendance at Meetings and Speaking Engagements

I think it is useful for Bank personnel to attend meetings, conventions, symposia, etc. relevant to the financial operations of the Bank, particularly if we can either participate as speakers or panelists. Bank officials can make effective comments on a wide variety of subjects relating not only to the Bank's financial condition, but also world capital markets, trends in the supply and demand for credit, etc. These matters are relevant not only to the Bank, but also would be of interest to financial executives, money managers, brokerage firms, institutional investors, etc. The sponsorship of such meetings generally fall into three categories:

1. Associations which represent institutions that are potential buyers of our bonds. I recommend the following list as among those that we should approach to send a Bank representative as speaker or panelist at their annual, or perhaps regional meetings.

- a) Life Insurance Association of America
- b) American Bankers Association
 - (1) Mid-Winter Trust Conference of A.B.A.
- c) New York State Bankers Association
- d) National Association of New York State
- e) Savings Banks Association of New York State
- f) Savings Banks Association of Massachusetts
- g) Association of State Treasurers and Controllers
- h) Investment Company Institute
 - (1) Association of Mutual Fund Investment Advisers
- i) Bankers Association for Foreign Trade

2. Organizations and associations which represent the securities industry. Brokerage firms will distribute and trade our securities if they are aware of the activities of the Bank and are willing to recommend our securities to their institutional

customers. In a sense, they are more important than the institutions themselves since many institutional investors will rely on securities firms for investment advice, maintain discretionary accounts with them and rely on them to make markets and take risk positions should they wish to liquidate or purchase our securities.

There are four important associations:

- a) Investment Bankers Association
 - (1) Regional IBA Meetings
- b) Financial Analysts Association
 - (1) New York Society of Financial Analysts
- c) The Bond Clubs of New York; Chicago; Los Angeles, etc.
- d) National Securities Traders Association - this group represents the securities firms who maintain the markets for our securities.

3. Associations or enterprises who sponsor private financial symposia or conferences. These conferences cover a wide range of matters relevant to the Bank's activity, e.g. world capital market conditions; trends in the flow of savings; developments in the managing and investing of institutional funds; the role of institutional investors, etc.

These symposia are sponsored by the legal profession (e.g. the American Bar Association, The Practicing Law Institute); by financial publications (the Bureau of National Affairs, Commerce Clearing House, Business Week, etc.); Universities (New York University Club); brokerage firms (Eastman Dillon; Burnham & Co.); Stock Exchanges; Economic and Management Societies, etc. Some of these symposia last as long as a week and are extremely well attended by a wide range of managers or advisers to institutional funds in the United States. In the last annual meeting of the "Institutional Investors Conference" in New York, 2,500 representatives from the largest institutional brokerage firms and financial institutions attended the major sessions. Here, too, we should seek participation in the areas of our expertise.

III. Other Relationships

1. Bank officials should also maintain close contacts with U.S. Government officials. For example, we might from time to time brief the U.S. Treasury on our activities as they affect the U.S. Balance of Payments and maintain, perhaps through the U.S.

Executive Director, some interchange of information with the Treasury or the Federal Reserve Board regarding new developments on credit allocation in the U.S.; tax law changes, etc.

2. We should maintain and expand our contacts with organizations, such as National Association of State Bank Supervisors, State Insurance Commissions, etc. to assure that our obligations are eligible for investment under laws of individual States. I understand that the Legal Department is responsible for obtaining such eligibility and that our program in obtaining such eligibility is quite successful.

3. Apart from the association meetings referred to above, informal contacts with retain brokerage firms, e.g., Merrill Lynch, Bache & Co., perhaps Paine Webber, etc. should be maintained. These relationships are important because of the considerable purchases of bonds by individual accounts through these firms, who heretofore, have only minimally participated in our Bond issues. We should also continue to maintain our contacts with Salomon Brothers & Hutzler and Morgan Guaranty Trust Company, who with Merrill Lynch and First Boston, are the most significant factors in the Government and U.S. Agency market.

4. Our bonds are rated by Moodys, Standard and Poor and Fitch Investors Service. We should take care to apprise them of recent activities in the Bank.

. . .

Many of the suggestions noted above are, of course, being carried out. For example, Bill Bennett is in continual contact with the financial press and many of the major financial associations; I have addressed a number of conferences and associations on the World Bank, capital markets, demand and supply credit, trends in institutional markets in the U.S., etc.

I recommend that Mr. Hittmair, Mr. Gabriel, Mr. Bennett and I continue to maintain these contacts. We must, however, be selective. None of us wish to end up on a merry-go-round selling World Bank bonds (it could easily be a full-time job). We would therefore limit the frequency of our contacts and speeches according to time and work pressure.

It is also important that members of the President's Council speak to appropriate financial organizations and associations. Such remarks need not necessarily be directed to the World Bank as a financial institution; indeed, it might be more effective if their remarks were made from a broader perspective.



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

June 3, 1970

Mr. Daniel R. Murphy
Vice President
William D. Witter, Inc.
1 Battery Park Plaza
New York, N.Y. 10004

Dear Dan:

Thank you for your analysis of the proposed commission rate structure. I have not had a chance to read it yet but will do so over the weekend. Your diagrams and commentary are distinctly Freudian. It is somewhat difficult, however, for a traditionalist like me to distinguish the various positions.

Have you read the latest "Grim Fairy Tale"

"NERA NERA on the Wall,
What rate's the fairest of them all?"

And the NERA answered as before,

"Bunny Queen, thou art of beauty rare,
But 15% is better."

Kindest personal regards.

Sincerely,


Gene



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

June 3, 1970

Dear Robert,

Thank you for your letter. I
expect to be in Paris for the meetings
on June 25 and 26. I will let you
know the details later.

Best regards,

A handwritten signature in cursive script, appearing to read "Gene", is written above the printed name "Gene".

Gene

Mr. Robert de Lesseps
Chief, European Financial Operations
International Bank for Reconstruction
and Development
64/66 Avenue d'Iena
75 Paris 16e
France

Chron.

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Edith M. Kesterton
SUBJECT: Future Travel

DATE: May 28, 1970

Mr. Rotberg will attend the OECD Capital Markets
Committee meetings in Paris June 25 to 27.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: May 27, 1970

FROM: Eugene H. Rotberg *Senell*

SUBJECT: Portfolio Yields: May 15, 1970

Attached is the statement of portfolio yields for the period ending May 15, 1970.

Since the date of the report we have placed Deutsche Mark at 9%; U.S. dollars at 8-3/8% (U.S. Government guaranteed obligations - 5 year maturity); however, the current dollar Time Deposit rate in the U.S. remains relatively low - 7-1/2 - 8-3/8%. Between now and December 31, there matures \$237 million of such deposits which now yield the Bank over 10%.

Attachment

Chron

OFFICE MEMORANDUM

TO: Mr. M. M. Mendels

DATE: May 27, 1970

FROM: Eugene H. Rotberg *EHR*SUBJECT: Attendance at Annual Meetings

Mort:

I have had occasion to meet with Mr. Ciro de Martino, Chairman of the Board and President of the Banco di Sicilia. I believe you have had some correspondence with him before. He was, for 35 years, the Managing Director of the Bank of Italy and he is quite close with Mr. Carli, President of the Bank of Italy. In addition, in his present capacity, he is the senior officer of the sixth largest bank in Italy. Mr. de Martino has also been active in setting up the Central Banks for developing countries as they attained their independence. He is also a close friend of Mr. Palamenghi-Crispi, the Executive Director for the Fund representing Italy. Finally, his Bank, along with the Bank of America, are the only two foreign banks permitted to operate in Copenhagen. Therefore, he would very much appreciate an invitation to the Annual Meetings for himself and perhaps one other representative from his Bank; in view of his Bank's position in Copenhagen, he would expect to give a reception for visiting Banks, which would be most difficult if his Bank were not invited. In view of the importance of his Bank in Italian banking circles, his personal relationships to the Central Bank, and the position of his Bank in Copenhagen, I would very much appreciate if you could arrange to extend an appropriate invitation.



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106		
Document Date 26 May, 1970	Document Type Letter			
Correspondents / Participants To: Volunteers of the Shelters, Inc. From: Eugene Rotberg				
Subject / Title Payment of Dues				
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 July 17, 2024</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024			



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

May 26, 1970

Dear Art:

My very best wishes on your new position.

I wish you the best of luck and I know you will
be a great success. Please keep in touch and
let me know when you expect to be in Washington.

Regards to your family.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eugene", is written over a faint, larger signature that appears to read "Gene".

Eugene H. Rotberg
Treasurer

Mr. Arthur R. Taylor
Vice President
The First Boston Corporation
20 Exchange Place
New York, N.Y. 10005



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

May 26, 1970.

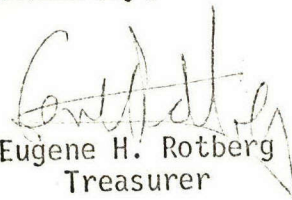
Mr. Guy B. Maseritz
Counsel, Institutional
Investor Study
10510 Green Mountain Circle
Columbia, Maryland 21043

Dear Mr. Maseritz:

Thank you for your resume.

I have made some inquiries at the Bank and there are no present openings for lawyers in the field with which you are familiar. Most of the lawyers here have a good deal of experience in international financial operations and openings are somewhat few and far between. However, I would be most pleased to forward your resume to one or two securities law firms in Philadelphia or Washington who might be interested in someone with your background. Please let me know if you would like me to do this. I am very sorry that opportunities here are limited and I wish I could have been of some help to you.

Sincerely,


Eugene H. Rotberg
Treasurer



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

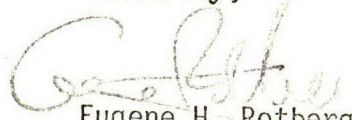
May 26, 1970

William M. Treadwell, Esq.
Vice President and Legal Editor
Condyne Inc.
530 Fifth Avenue
New York, N.Y. 10036

Dear Mr. Treadwell:

I am returning an edited transcript
which incorporates changes and deletions in
my remarks.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosure



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

May 26, 1970

Dear Dick,

Thank you for the beautiful
briefcase. I have already used it
and have found it most elegant and
comfortable.

Sincerely,


Eugene H. Rotberg
Treasurer

Mr. Richard F. Colabella
Conference Director
Institutional Investor Magazine
140 Cedar Street
New York, N.Y. 10006



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

Chen

May 26, 1970

Professor Donald E. Schwartz
Georgetown University Law Center
506 E Street, N.W.
Washington, D.C. 20001

Dear Don:

Thanks for your letter. There is no decent book available to teach Securities Market Regulation. I have, therefore, compiled a few dozen important documents (Commission releases; NYSE releases; responses to Rule change proposal, etc.) and have had them reproduced for distribution to the students. In addition, I have arranged to get copies of the BNA Reporter and I have reproduced the relevant material for my students. When you get a chance let's get together for lunch and I will show you the compilation of the documents which I distributed to my students last year. The following is a list of the documents in case you want to start collecting them:

Reprint of Letter Submitted to SEC by Don Weeden,
Exec. VP, Weeden & Co., dated December 19, 1969

Statement by Robert Haack before SEC dated 2/13/70
on "The Urgency for an Immediate Commission Increase"

BNA Report (No. 38) X-1 on "NYSE Special Membership
Bulletin on Public Ownership" dated 2/18/70

SEC Securities Exchange Act of 1934 Release No. 8239
dated January 26, 1968 - "ERRATA"

BNA Report (No. 34) X - 21 on "Text of Midwest Stock
Exchange Letter to SEC Explaining Public Ownership
Amendments" dated 1/21/70

BNA Report (No. 25) X - 37 dated 11/19/69 entitled
"Justice Dept. Comments on New York Stock Exchange
Proposals to Permit Member Firms to go Public"

BNA Report (No. 37) X - 17 dated 2/11/70 - "Full Text
of NYSE Brief on Public Ownership"

BNA Report (No. 29) X - 3 dated 12/17/69 on "Text of
Letter from Milton H. Cohen, Esq. to SEC on Silver v.
New York Stock Exchange"

May 26, 1970

Securities Exchange Act of 1934 - Release No. 8324 dated May 28, 1968

Letter from Robert Haack dated Aug. 8, 1968 to Manuel Cohen, Chairman, SEC, re changes in minimum rates of commission

Memorandum from Robert Haack to Members and Allied Members dated August 19, 1968 on the subject of "New York Stock Exchange Testimony on Minimum Commissions"

SEC Securities Exchange Act of 1934 - Release No. 8399 dated September 4, 1968 re commission rate structure

Memorandum from Robert Haack to Members and Allied Members dated September 6, 1968 on the subject of "Interim Commission Schedule"

Memorandum from Robert M. Bishop, Director, NYSE, dated October 14, 1968 to Members, Allied Members, Member Organizations and Branch Office Managers on the subject of "Interpretation of Amended Article XV of the Constitution"

Memorandum from the Chairman of the Board and President of the NYSE dated October 10, 1968 to All Members on the subject of "Proposed Amendment of Article XV"

Securities Exchange Act Release No. 8542 - before the SEC - February 20, 1969 - on "Broker-Dealer Proceedings"

Memorandum from Robert Haack dated April 30, 1969 to Members and Allied Members on the subject of "Testimony to the SEC on the Commission Rate Structure"

Securities Exchange Act of 1934 Release No. 8661 dated August 4, 1969, on "Proposal to Adopt Rule 15c2-10 Under the Securities Exchange Act of 1934"

Brief in Opposition to Dreyfus Settlement

Memorandum from Robert Haack dated August 26, 1969 to Members and Allied Members on "New Commission Rate Structure"

Memorandum from Robert Haack dated November 22, 1968 to Members and Allied Members on the subject of "Commissions --Reciprocal Arrangements"

Professor Donald E. Schwartz

- 3 -

May 26, 1970

SEC Securities Exchange Act of 1934 Release No. 8717
re proposed amendments to allow member firms to issue
securities to the public

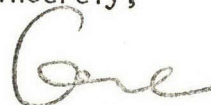
SEC Securities Exchange Act of 1934 Release No. 8734
dated October 29, 1969 re amendment to provide public
ownership of corporate member organizations

Memorandum from Robert Haack to Members and Allied
Members dated November 21, 1969 on the subject of
"NYSE Commission Rate Studies"

BNA Report (No. 46) X - 1 dated 4-15-70 on "Commission
Rate Structure of Registered National Securities
Exchanges"

I am enclosing a copy of the Final Examinations for the last
two years.

Sincerely,


Gene Rotberg

Encl: 2

OFFICE MEMORANDUM

TO: Files

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Proposed DM Issue

DATE: May 22, 1970

CONFIDENTIAL**DECLASSIFIED**

Date: 10/19/2010 SMT

Memorandum of Telephone Conversation

For the Deutsche Bank: Dr. Walter Seipp

For the IBRD:

Mr. Rotberg
Mr. Hittmair
Mr. Szasz
Mr. Deely

Dr. Seipp advised me that the capital market in Germany had deteriorated considerably in the last two days. This deterioration affected both the bond and stock markets and it was difficult to say that either market was functioning at the present time. Seipp said that it was not just a matter of price or interest rate; rather the deterioration reflected a general atmosphere of lack of confidence in the markets. In view of such situation, which no one expected, the Deutsche Bank discussed the matter with both the Bundesbank and the Economics Ministry. Both agreed with the Deutsche Bank in their evaluation of the market and agreed with their recommendation to postpone our issue at this time. Dr. Seipp also stated that the German press had indicated that it would be appropriate for borrowers to refrain from borrowings at this time. I advised Dr. Seipp that the World Bank did not wish to have an unsuccessful issue and, more important, would not consider it appropriate to further aggravate an already difficult financial situation by attempting to place an issue in an unstable market.

Dr. Seipp suggested that he call again on Monday morning (May 25) and Tuesday (May 26) in order to provide an up-to-date and clear picture before we advised the Board of the postponement. While he did not rule out the possibility of going forward (depending on the markets on Monday and Tuesday), I had the impression that he would prefer a longer period of "stability" before going ahead. Dr. Seipp emphasized that both the Bundesbank and the Economics Ministry agreed with the conclusion of the Deutsche Bank on the postponement. He emphasized, however, and wished to make it clear, that all of the preparatory work has been concluded; that the Deutsche Bank was quite disappointed in the postponement;

May 22, 1970

and that the Government assures us and the Deutsche Bank that we will be the first borrower when the market becomes more stable. I told Dr. Seipp that we understood the situation, were appreciative of their evaluation of the market, and were in agreement with his recommendation.

Prior to the call from Dr. Seipp, we had been reviewing the market situation amongst ourselves and had noted the deterioration in the last few days. A Government-backed issue, which was still in syndicate, was being quoted at 1-1/4% discount from the public offering price; the Euro-dollar rate was recently 9-1/2% for dollar short-term deposits and the Euro-DM issue was close to 10%, reflecting and causing exceedingly tight money conditions in the European banking systems.

cc: Mr. McNamara
Mr. Knapp
Mr. Aldewereld

cc: Mr. Hittmair
Mr. Szasz
Mr. Deely

OUTGOING WIRE

TO: ALDEWERELD
C/O HIS EXCELLENCY
JANKO SMOLE
FEDERAL SECRETARY FOR FINANCE
BELGRADE

DATE: MAY 20, 1970

CLASS OF FULL RATE
SERVICE:

COUNTRY: (YUGOSLAVIA)

TEXT:
Cable No.: ONE

THANKS YOUR MESSAGE FROM BURKE STOP SINCE MANY MEMBERS ARE AWAY
AT PRESENT I HAVE SCHEDULED A MEETING ON JUNE 9 REGARDS

Y. L. CHANG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Y. L. CHANG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

YLChang:emk

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Aldewereld's Secretary

For Use By Communications Section



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

May 18, 1970

Mr. Renato Guadagnini
Manager
Banca Nazionale del Lavoro
25 West 51st Street
New York, N.Y. 10019

Dear Mr. Guadagnini:

Mr. Rotberg is presently out of the city and will return to Washington next week. I know that he would want me to thank you on his behalf for sending him the beautifully illustrated book "Piemonte Valle d'Aosta". I am sure upon his return he will write to you to express his appreciation.

Sincerely yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg



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

May 18, 1970

Mr. Renato Guadagnini
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Banca Nazionale del Lavoro
25 West 51st Street
New York, N.Y. 10019

Dear Mr. Guadagnini:

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Sincerely yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg

Chron

10822 Childs Court
Silver Spring, Md.
20901

May 17, 1970

Volunteers of the Shelters, Inc.
420 Lexington Avenue
New York, N.Y. 10017

Gentlemen:

Earlier this week I sent you the waiver form and check for \$150 representing the down payment for our forthcoming Volunteers' flight leaving September 18, returning October 11, to Zurich. I just realized that I neglected to send you the down payment for my wife which is enclosed.

This letter will also serve, as attested by my wife's signature below, as a waiver for all damages and loss as set forth in your waiver form previously signed by me.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Eugene H. Rotberg". The signature is fluid and cursive, with the first name "Eugene" being more prominent and the last name "Rotberg" following in a similar style.

Eugene H. Rotberg

Enclosure

WAIVER: *Eugene H. Rotberg*



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

May 13, 1970

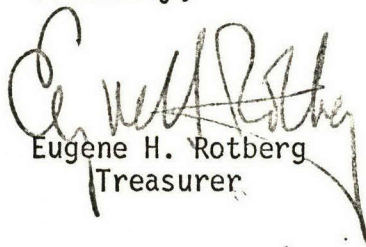
Mr. and Mrs. Giuseppe Trovato
Banco di Sicilia
37 Wall Street
New York, N.Y. 10005

Dear Mr. and Mrs. Trovato:

Thank you for your kind invitation to
attend a Cocktail Reception in honor of the
Chairman of the Board of Banco di Sicilia
and Mrs. Ciro de Martino on May 25.

Mrs. Rotberg and I very much regret that we
will be unable to be present as I will be
out of town at that time. We appreciate
your thoughtfulness to invite us.

Sincerely,


Eugene H. Rotberg
Treasurer

10822 Childs Court
Silver Spring, Md.
20901

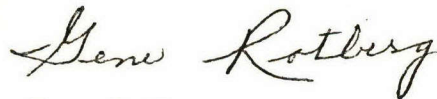
May 13, 1970

Mr. Jones
Kenmar Heating & Air Conditioning
2512 Cherokee
Adelphi, Maryland

Dear Mr. Jones:

I have been trying for a few weeks to get in touch with you but have been unsuccessful. PLEASE come to my house and shut off the heat in the bedroom wing. All three thermostats have been turned down to 50° yet the heat keeps coming out of the bedroom wing and there is no way to turn it off. It is reaching 90 to 95 degrees and we have even resorted to putting on the airconditioning in the bedroom but that doesn't help. Apparently the valve is stuck or is wired in such a way it can't be turned off. This must be done even before we get the new valves. We do not need heat right now and don't need the valves to be replaced before Fall. Therefore, please give us some relief. We just don't know what to do.

Sincerely,

A handwritten signature in cursive script that reads "Gene Rotberg". The signature is fluid and written in dark ink.

Gene Rotberg

Chrom

Statement To Be Made To The Board On May 19, 1970 Regarding The Forthcoming Public Issue In Germany

We will circulate today, for your consideration on May 26 a Draft Resolution authorizing issuance and sale by the Bank of Deutsche Mark 200 million principal amount of 8% DM bonds. The proposed issue will mature after ten years with no sinking fund provision.

The exact offering price will be negotiated shortly before the May 26 Board meeting. However, on the basis of the present market situation in Germany we expect to issue the bonds at a price of 98-1/2% (8.22 yield) to the public; the proceeds to the Bank after deduction of the usual underwriter's commission of 1-3/4 results in a price of 96-3/4 - or a cost to the Bank of 8.49%. This price and the 8% coupon tentatively have been suggested by our underwriters on the basis of recent market conditions; the pricing has the informal approval of the German Government authorities.

It should be noted that the market in Germany at the present time is somewhat unstable and could deteriorate between now and the time of signing the agreement, which is scheduled to take place on May 26 after Board approval. We have, therefore, left the price open in the Draft Resolution and will advise you of the firm price for your consideration at the Board meeting on May 26. If market conditions deteriorate within the next week it may be necessary to recommend for your consideration a price to the underwriters below 96-3/4, which, of course, will result in a higher cost to the Bank. Indeed, it may even be necessary to postpone the issue, if, in the opinion of the German Authorities, our managing underwriters (the Deutsche Bank) and ourselves, the market has deteriorated to the point that it would not be advisable to go ahead with the offering.

FY 1970 BORROWINGS

		<u>Amount (\$ Equivalent)</u>	<u>Cost to Bank</u>
7/1	Germany	37.5	6.88
8/1	Bundesbank	64.5	7.125
9/15	Central Banks	175.0	8.0
10/1	Bundesbank	16.0	7.875
2/1	Bundesbank	67.5	8.375
2/19	Japan	100.0	7.14
3/15	Central Banks	174.5	8.125
3/30	Japan	100.0	7.14
		<u>735.0</u>	<u>7.693</u>
5/26	Germany	55.0	8.490
		<u>790.0</u>	<u>7.748</u>



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

Chron

May 13, 1970

Mr. Gilbert B. Sorg
Sorg Printing Company Inc.
80 South Street
New York, N.Y. 10038

Dear Mr. Sorg:

Thank you for your kind invitation
to attend your Fiftieth Anniversary
Cocktail Party on Wednesday, May 27.
Unfortunately, I will be unable to be
present on this occasion but appreciate
your thoughtfulness in remembering me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eugene H. Rotberg", is written over a rectangular stamp. The signature is stylized and cursive.

Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

DECLASSIFIED

Date: 10/19/2019 SMT

DATE: May 12, 1970

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EHR* STRICTLY CONFIDENTIAL

SUBJECT: Five Year Market: Meeting with Merrill Lynch, Pierce, Fenner & Smith

In connection with our analysis of the five-year market, Mr. Hittmair and I spoke to representatives of Merrill Lynch:- Mr. Samuel Revits, who is responsible for the Government Securities desk and Dr. Gary Shillings, their Chief Economist. Messrs. Revits and Shillings essentially made the same points as Salomon Brothers and First Boston, i.e. the intermediate term market was now the least costly maturity for borrowers and that there should be little difficulties in refunding the issue at maturity. If such refinancing were not possible in either the long or intermediate term market, it would be tantamount to a collapse of the U.S. financial markets. They argued that prior to such time, the Government would have imposed credit or wage/price controls.

They also observed that the U.S. is now generating about \$100 billion in financial savings a year; in a somewhat recessionary economy, of the type economists now envision for the near term, it is likely that consumption would be cut before savings; they therefore project substantial savings over the next few years even in a recessionary economy and considerable liquidity. Much of this liquidity is derived from sinking fund and amortization payments on outstanding obligations and the favorable cash flow derived from pension plan, state and local retirement systems, insurance premiums, etc.

Revits referred at length to the marketability of World Bank obligations. He repeated many of the same points made at the meeting of Mr. Aldewereld and myself with the management of Merrill Lynch several months ago. Revits says that the World Bank is looked upon as a "foreign borrower" in the United States. In his view, the problem is not so much to disseminate information about our financial strength as it is to create an environment where investors bought the bonds as if they were U.S. Government agency securities. This cannot be accomplished if we were looked upon as a foreign borrower or even as "U.S. or Bethlehem Steel." These issuers have poor secondary markets, basically because (a) they come to the market rarely; (b) almost always long term; and (c) with poor sponsorship (dealer risk taking) in the secondary market if there are insufficient buyers to absorb liquidations. Revits claims that if we came to the market with shorter term obligations and through U.S. Government dealers who are accustomed to taking positions, trading, and arranging "switches"

with customers in governments and government agencies, that our obligations would be considered fungible with Federal National Mortgage Association, Federal Home Loan Bank, Government National Mortgage Association, Federal Land Bank, etc.

Revits continues that the problem is not so much having underwriters who can distribute substantial amounts (any manager can do this with a large enough dealer and selling group) but having underwriters who are committed both in terms of capital and inclination to sponsoring and holding positions in the after market. This is most difficult to accomplish with occasional long term issuers, particularly if the underwriters have little capital with which to maintain markets. From the institutional investor's point of view, liquidity is crucial, and, among full faith and credit obligations, guaranteed obligations, "regulated" agency obligations, there is little difference in yield which cannot be explained by differences in liquidity and maturities. They suggest, therefore, that we rely on the Government bond dealers for distribution and secondary markets of intermediate term issues. There are four important firms who generally co-manage government agencies and make markets in governments or government agencies: Merrill Lynch, First Boston, Salomon Brothers and Morgan Guaranty Trust Company. ^{1/} These four, Merrill says, should be able to underwrite \$1/2 billion for each issue in the intermediate term market; they argue that identification of these underwriters, alone, will indicate to institutional investors (a) our intentions to finance in a manner similar to governments or agencies in the terms of frequency and/or size of our offerings and (b) a commitment to provide liquidity through their government trading departments.

Revits claims that buyers of our bonds in future years will be banks, corporate treasuries, individuals, etc. and that most of the contacts with these are through the managing underwriters in the secondary market. (Most of our bond issues are in fact "wholesaled" to dealers by our underwriters but are actually sold by brokers who have little responsibility in the secondary market). Revits told us that when the FNMA Participation Certificates were issued, the underwriters were able to place \$900 million in a matter of a few days; that the U.S. Government agencies had recognized the placing power of the government dealers and have used them to attract substantial amounts of savings, while we have stayed away from that market

^{1/} It is interesting to note that Salomon Brothers trades about \$1 billion of our bonds in the secondary market a year; First Boston about 1/10 that amount; Morgan Stanley virtually none, other than purchases on behalf of sinking fund.

completely. Recently, the first issues of Farmers Home Administration and Government National Mortgage Association were underwritten by the same four firms (except A.G. Becker who replaced Morgan Guaranty in the FHA offering).

They recommend that we do not offer a five-year obligation but that instead we consider a three-year issue; like Wajnilower of First Boston, they believe that three years is more likely to fit with the upturn in the long-term bond market; it also is closer to typical government agency financing. They point out that we could wait, of course, until we needed funds, say in 3-5 years and then seek to tap the intermediate (or long) term market. They argue, however, that a continual series of issues over the next 3-4 years will create yearly serial maturities, build a secondary market and permit us to maintain a mix of long and maturing intermediate term issues each year so that we can adjust the length of new borrowings in 1973-1976 to fit with changing investor inclinations - rather than to attempt a new and untried maturity (for us) at a time when other issuers may be seeking to do the same thing.



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

Chon.

May 11, 1970

Mrs. Evelyn J. Porter
George Washington
University Law School
720 - 20th Street, N.W.
Washington, D.C.

Dear Mrs. Porter:

As requested, I am sending you herewith
a copy of my 1970 Final Examination for the
Regulation of Securities Markets Course #405B.

Sincerely,


(Prof.) Eugene H. Rotberg

Enclosure



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106		
Document Date 08 May, 1970	Document Type Letter			
Correspondents / Participants To: Group Hospitalization, Inc. From: Eugene Rotberg				
Subject / Title Patient Records				
Exception(s) Personal Information				
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 July 17, 2024</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024			

Chron.

OFFICE MEMORANDUM

TO: Mr. John R. Crowley

FROM: Eugene H. Rotberg *EHR.*

SUBJECT: Office Arrangements

DATE: May 8, 1970

Attached are arrangements for the Securities Division and Cashier's Division. In addition, we need three additional rooms for the Capital Markets professionals and space for two secretaries.

Attachments: 2

OFFICE MEMORANDUM

Mr. E. Rothberg ✓
TO: Mr. G. Gabriel

DATE: May 6, 1970

FROM: J. R. Crowley *JRC*SUBJECT: Move to 1747 Building

I have spoken to Mr. Donovan and he is beginning to draw up rough plans for the Headquarters floor and the location of the cash cage in 1747. These are two key areas and other divisions can be worked in around these functions.

In the meanwhile it would be most helpful if as soon as possible you could provide us with the following information for each of your Divisions based on your F/Y 1971 projections (we will look into leaving extra space throughout the floor for future expansion).

1. Name and Job Title of each individual by Division and Section and Unit within Division, indicating whether Professional, Special Service, General Service. Show open and new positions.
2. Special file requirements by Division and/or Unit.
3. Special room requirement by Division and/or Unit (Conference Rooms, Machine Rooms, File Rooms, Room for External Auditors).
4. Any other special requirements.
5. Possibility or desirability of grouping staff in "bull pen" operations such as you have used in the past.

With this information and based on your present layouts we will draw up rough initial plans, indicating our best judgment as to how to most effectively utilize the space with the minimum of demolition and reconstruction and taking into account the electric duct work which governs possible locations.

These plans will then be reviewed with you and your division chiefs until agreement is reached as to the best layout.

We need this information as soon as possible, hopefully no later than Friday afternoon.

cc: Mr. Donovan



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106		
Document Date 07 May, 1970	Document Type Letter			
Correspondents / Participants To: Dr. Saul Zukerman From: Eugene Rotberg				
Subject / Title Medical Issues				
Exception(s) Personal Information				
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 July 17, 2024</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024			

Chow.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Investments/Capital Markets

DATE: May 7, 1970

DECLASSIFIED

Date: 10/19/2010 SMT

CONFIDENTIAL

The time deposit rate in the United States is declining rather rapidly. We had \$67 million in time deposits maturing this week and were able to place only \$12-1/2 million of new deposits at what I considered were acceptable rates, vis-a-vis, alternative investments in U.S. Government agencies and direct U.S. Government obligations. The rejected rates were as low as 7%; most banks offered only 7-1/4%/7-3/8% for one year deposits.

However, Salomon Brothers & Hutzler had purchased \$200 million of Certificates of Deposit about 6 weeks ago at 7-1/2% from five New York City banks with the expectation that rates would fall, thereby permitting resale in the secondary market above par. Though time deposit rates have in fact declined, the intermediate term capital market has not improved; indeed it has deteriorated. As a result, S B & H was faced with the situation of having correctly predicted a drop in the time deposit rate but was unable to capitalize on its investment as potential buyers shifted their funds into the intermediate term market where the yields are 8.25 plus. Accordingly, we were offered and have purchased from S B & H one 7.50% Certificate of Deposit of \$30 million issued by the Bankers Trust Company (who today offered us 7% for the one year maturity) at a discount to yield approximately 8.30%. We have also expressed our interest in purchasing a substantial portion of the new Government National Mortgage Association (GNMA) obligation - a full faith and credit 5-year obligation of the U.S. depending, of course, on the yield at the time of pricing around May 15. If it were priced today, it would yield about 8.40%.

We may see some improvement in the long term capital markets in the next few months if corporate issuers continue to withdraw their issues from the calendar. The U.S. Treasury believes that the intermediate term market will also improve. (They have advised the Export-Import Bank that they would prefer them not to sell to us at this time Participation Certificates in their loans at 8-1/8 - 8-1/4%, which the Eximbank, and we, believed to be a fair current market rate. Treasury has advised Eximbank of their opinion that interest rates will be considerably lower by July or August, and that Eximbank should refrain from selling until that time.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

May 7, 1970

Short term markets in Europe remain high. Short term rates in Switzerland are 8-1/2%; in Germany over 9-1/2%; in the United Kingdom about 8-1/4% - a considerable improvement over six months ago; in The Netherlands, however, short term rates have declined to the 7-1/2% level. In Switzerland and Germany long term rates are about 100 points lower than short term; in The Netherlands and the United Kingdom the reverse is true.

Chron

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Aldewereld

Siem: Re: Deutsche Girozentrale

Attached is the list of our borrowings from the Bundesbank. You may observe that of the 130 million DM maturing on August 1, 1970, 80 million DM were sold to the Deutsche Girozentrale. You may wish to ask them about the prospects for a roll-over.

Gene R.
May 7, 1970



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

May 7, 1970

Mr. Fred Vechery
407 Sherbrook Drive
Silver Spring, Md. 20904

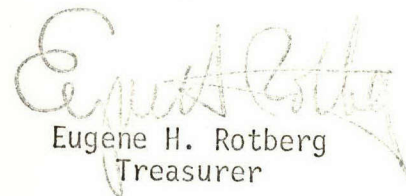
Dear Mr. Vechery:

As requested, I am enclosing my photograph and resume. I am also sending you a brief biographical statement which you may prefer to use in place of the resume.

My address will be entitled "International Capital Markets". The subject matter will deal with recent developments in the international short and long term capital markets; the relationships between these markets; the trends in the demand for and supply of credit; World Bank borrowing program; etc.

I look forward to meeting with you and your group on September 10.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosures

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: May 6, 1970

FROM: Eugene H. Rotberg

SUBJECT: Discussions with First Boston and Salomon Brothers & Hutzler:
Five Year Market

As you know, I am preparing a memorandum on the probability of a roll-over should we decide to enter the intermediate term market. I have had some informal discussions with First Boston, Morgan Stanley, Merrill Lynch, and Salomon Brothers & Hutzler concerning their views. You may be interested in the initial reactions of Salomon Brothers and First Boston.

Henry Kaufman is the Chief Economist for S B & H and is generally recognized as one of the most astute observers of the U.S. capital and short term markets. Kaufman is reasonably certain that, as long as there is a differential in the rate that savings and loan associations can offer to depositors, there will be a considerable inflow of new funds into the 3 - 5 year capital market. Kaufman observed that the limitation imposed by the U.S. Treasury on the purchase of Treasury Bills requiring a minimum purchase of \$10,000 was designed to maintain deposits in the savings and loan banks. Accordingly, individuals with relatively limited funds, who wished to capitalize on the high fixed interest available for quality obligations had little alternative but to purchase U.S. Government agencies or enter the 5 year corporate market. ^{1/} It is the experience of S B & H that investments in the 3 - 5 year market are generally being "locked up" until maturity with little switching or liquidation. This, however, may be due to the fact that for corporates, at least, 3 - 5 year bonds were almost non-existent before April 1969; accordingly it may be too early to comment on the liquidation experience of investors who purchase these securities.

Kaufman reasoned that, while it is difficult to predict what will happen 4 to 5 years from now at the maturity of an intermediate bond, there are two alternative possibilities: if inflation is controlled and fixed yields are lower, then individuals and institutions may shift out of the 5 year market. Under such circumstances, however, they are likely to go into the longer-term market, in which case we should have little problem refunding the obligation into a longer-term issue. Or, if the market environment is about what it is now, it could be expected

^{1/} It is an interesting commentary on the impact of disintermediation that individuals withdrew their deposits from savings accounts, thereby drawing down funds normally available for the mortgage market and purchased U.S. Government agency obligations; the agencies in turn transferred the proceeds back to the savings and loan associations for mortgage investments.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

May 6, 1970

that, having had a good experience with a quality issuer, investors might be expected to roll over the debt in the same maturity at the then going rate. If, on the other hand, interest rates are higher than currently because of inflationary expectations, the probability of 5 year financing is still viable as individuals will disintermediate their savings deposits and further limit long term fixed investment. As to the implications of individuals and institutions deciding to buy neither long term nor 5 year obligations because of inflationary expectations (and shifting into 1 - 2 year obligations or perhaps equities), Kaufman argued that such a hypothesis was unrealistic for the following reasons: First, in such a market, equities would deteriorate even further and would be among the poorest investments, as corporate profits would shrink in a reaction to an economy where investors were wary of 5 year obligations. Second, it would not be possible for municipalities to finance their requirements, for the Government to finance or roll over debt. Term loans for businesses would be severely limited; utilities would be unable to fund their operations; residential and construction financing would come to a halt, etc. Third, if such an environment began to develop, the Government would probably take steps to allocate credit and determine which segments of the economy required and deserved credit support. (Kaufman said that this was a possibility even now, despite a strong intermediate-term market and a long-term market for corporates which, although expensive, was viable.) Thus, if both the intermediate and long-term markets were rejected by investors other than at exorbitant rates, in the mid seventies, the World Bank's problems would essentially be political, i.e. how would we rank in terms of the Government priorities in an environment of credit allocation?

Kaufman volunteered that the Bank was doing a rather poor job in merchandizing itself from a financial viewpoint. He claimed that our bonds were not trading as AAA securities; he noted that little was disseminated concerning its financial strength. He pointed out that the buyers of our bonds were institutional investors and that, unlike 3 or 4 years ago, there now was increasing competition for the savings controlled by these institutions. Individuals knew little about the World Bank as a financial institution. As a result, there has been some deterioration in the secondary market for our bonds as switches, loss taking, etc. has put pressure on dealers to find the "other side" for the liquidation of our bonds from investors portfolios. He thought this could be remedied; the fact that we had not come to the U.S. market for a considerable time was probably also one of the causes of the difficulty.

I also talked to Emil Pattberg and Albert Wojnilower, Chief Economist for First Boston, on the viability of the 5 year market in the mid 1970's. They made the following points: First, the reason why corporations and Federal agencies had financed heavily in the intermediate-term market was because it was a stronger and less expensive market than the long term market. The fact that rates were lower in that market was a reasonable indication that more investors were willing to commit funds to the intermediate maturities. Pattberg said that if the intermediate term market were to "disappear" - without an improvement in the long term market - this would be tantamount to a collapse of the U.S. economy and financial market. Like Salomon Brothers, First Boston commented that if funds were to disintermediate because of the fear of inflation, to the point that investors would be unwilling to buy longer than 1 to 2 year maturities and then only at very high rates, the "disaster" would have an impact considerably beyond the problem of the World Bank. Wojnilower, like Kaufman, commented that the Government would have to step in before that happened to apply either wage and price controls, or allocate credit because of the political realities. Labor simply would not tolerate that kind of inflation. In this connection, he distinguished the situation from a country like Brazil where inflation - which prevents the development of an intermediate and long term market - might be "accepted" because the Government could afford, it believed, to exploit unorganized labor who were willing or had to accept minimal and eroded wages because of their slight political power. Wojnilower argued that this was not the case in the United States where reasonably full employment with meaningful wages was a political necessity. He said that well before the deterioration of the kind hypothesized, the Government would take some selected allocation steps. Wojnilower, however, was not optimistic, in view of the existing or potential isolationist tendencies in the U.S., as to the political priorities of the World Bank. He does not think we are in a particularly high priority situation, vis-a-vis, housing, schools, pollution, etc. if the Government does not control inflation, but resorts to credit allocation.

Wojnilower suggested that if the Bank decided that (a) the Government would not or could not control inflation and (b) that our priorities were rather low in an environment of credit allocation, we might borrow now even at 9% or 10%, in the long term market so as to lock up substantial resources for as long a period of time as possible. Wojnilower notes that some businesses are now doing just that on the theory that they will have little priority as a political matter in a credit controlled environment.

If, on the other hand, inflation is controlled, Wojnilower said that such environment is likely to develop considerably before five years. If the logic is to raise these intermediate funds, either to

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 4 -

May 6, 1970

establish a base in the intermediate term market or as a temporary financing pending an improvement in the long term market, a shorter maturity (perhaps 3 years) might better fit with an improvement in the long term market. In 5 years inflation might be controlled and escalate again by the time of maturity.

I also discussed, both with Salomon Brothers and First Boston, the proposed Government National Mortgage Association (GNMA) obligation - a full faith and credit obligation of the U.S. - whose terms will be announced shortly. The U.S. Government has exerted a considerable amount of pressure on banks, insurance companies and pension funds to purchase the first issue. As you may observe from the attached letter from Secretary Kennedy, there was an attempt to obtain commitments for 1, 5 and 20 year maturities. (Note also the emphasis on the liquidity aspect in the secondary market). First Boston and Salomon Brothers have advised that the Government was unable to obtain commitments for the 20 year maturity, though Treasury representatives visited extensively throughout the country seeking support for the offering. Support was only available for the 1 and 5 year market -- and then only for \$500 million for the year. First Boston, Salomon Brothers and Merrill Lynch were critical of the U.S. Treasury pressures in this matter since they believe the first GNMA financing and the balance - which is expected to be about \$1 billion a year - could easily be placed in the intermediate term market without any Government pressure on their own customers. They expect the offering to be somewhere between 8.25 and 8.50. They argue that at that price any intermediate term issue could be placed, let alone a U.S. Government full faith and credit obligation; at that price, on the other hand, they could not place a 20 year issue.

Chson.

NEW YORK -- May 1, 2 and 3, 1970

Friday

May 1

9:00 a.m. Shuttle to New York

11:00 a.m. Bill Simon
Salomon Bros.
60 Wall Street [HA 2-8700]

2:30 p.m. "Pat" Pattberg
First Boston
20 Exchange Place [DI 4-1515]

5:00 p.m. Americana Hotel
The Regency Ballroom
Singer & Mackie cocktail party

6:00 p.m. Americana Hotel
Georgian Ballroom "A"
Bill Denney (President of STANY)
Cocktail party

8:00 p.m. Dinner - same place as above

8:00 p.m. "Romeo & Juliet"
"Les Femmes" The Met.

Saturday
May 2
7:00 p.m. "The Effect of Gamma Rays on Man-In-The-Moon"
Mercer O'Casey Theatre
240 Mercer St.
(one Blk. W. of B'way - bet. 3rd & Bleacker St.)

Sunday
May 3
2:30 p.m. "Mahagonny"
Anderson Theatre
66 Second Avenue (4th St.)

PLEASE CHECK YOUR THEATER TICKETS TO MAKE
SURE I HAVE PUT DOWN THE CORRECT TIMES

REMINDEHR ABOUT CALLING
JACK LYNCH IN NEW YORK

MR. KAHANGI (E.D. FOR
SEVERAL AFRICAN COUNTRIES)
TO CALL BACK

~~C O F F E E~~

STUFF FROM DRUGSTORE

GET SHOES REPAIRED

~~DID EHR TALK TO MR. McNAMARA?~~

Chron.

1. Mr. Jim Doolan called to set up a firm date for your going to Harvard. Any day of the week beginning April 27 would be fine with them -- Monday is their preference. You would take over Mr. Doolan's class at 11:10 Monday and then, if you were in agreement, could address the students of the International Business Club at about 4:00 p.m. They would like to invite you to dinner if you could stay. I promised Mr. Doolan I would call him (X309) and let him know if the 27th was O.K. or if some other day would suit you better.

OK

2. I am setting up the luncheon with the Italians for April 10 -- there will be 9 in all. I will give you the details later.

OK

Mr. Aldewereld had asked you (subsequently) to attend a luncheon on the same day (April 10) for two VIP's from Barings Bros. - Nicholas Baring and Christopher McAlpine. I told them that you would not be able to be present.

✓

3. Professor Guttman called 4/1 to remind you that you have a meeting on Tuesday, April 14 at 4:00 p.m. at the American University.

OK Remind

4. Mr. Paul Mason called (4/3/70).

Call him

5. Mr. Meckman and Mr. Treichel of the Creditanstalt-Bankverein Austria are coming to Washington May 21 and would like to see you at 10:30 a.m. I told Mr. Krieger's office and would let them know -- you are tentatively scheduled to go to BAFT.

Krieger.

OK - I probably won't go to BAFT

6. * Fred Vechery, Chairman of the Program and Meetings Committee of the Montgomery/Prince George's Chapter of the Maryland Association of Certified Public Accountants called you 3/30. RWC had addressed the National Association of Accountants in Nov. 1967 and Mr. Vechery would like to know if you would be interested in giving a speech on the World Bank to an audience of between 50 and 100 people. Their first meeting is on September 10. I promised to call Mr. Vechery back and let him give you a few more details and you could then tell him if you are interested in addressing such a group. It would be here in Washington. If you do agree they would like us to send a brief outline of what you plan to say - also a biographical sketch and a photograph.

Send photo. biog.

OK

7. Ted Kronfeld called 4/1 - but will call again.

✓

8. Mr. Hirschtritt called 3/31 -- no message; he was about to leave town.

✓

9. Bill Bennett called 3/30.

✓

10. Charles Schmeder in IFC wants a call. (X4128). He would like to arrange for you to see Mr. Marc Alexandre, Managing Director of Eurofinance on May 5. Eurofinance is a consulting organization which is controlled by many large banks in America. He will give you more details when he talks to you provided you are agreeable to meeting with Mr. Alexandre.

Plaxcall
OK

- ✓ 11. Bruce Mountain who is a consortium student will graduate on May 27 from American University. He wanted to know if he would be able to write your exam prior to May 27 [which is the date scheduled for your exam] - otherwise if he would have to drop out of your class. I told him there would be no problem -- you usually handed out a paper at least a month in advance.

yes

12. Mr. Broches and Mr. Clyde are anxious to get ahold of you on Monday - to ~~send~~ ^{sign} the Japanese bonds.

2255

ATC

- 13.

Chron



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

May 6, 1970

Dear Alan:

Thank you for your letter. It was delightful to talk to you. Iris is out of town and I will be away also for a few days. My travel plans are still quite hectic until I get back from Puerto Rico and Sun Valley. I hope you are enjoying your new position. Things are quite depressing, of course, right now in Washington.

I have written a letter of reference, a copy of which is enclosed.

Best regards,


Gene

Mr. Alan R. Markizon
Attorney
The Seaboard Corporation
9601 Wilshire Boulevard
Beverly Hills, California 90210



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

Chron

May 6, 1970

Mr. Robert A. King
Vice President
Department of Member Firms
Pacific Coast Stock Exchange
618 South Spring Street
Los Angeles, California 90014

Dear Mr. King:

This letter will serve as a reference for the admission of Mr. Alan R. Markizon as a principal of a member firm of your Exchange. I have known Mr. Markizon for several years in both a professional and social relationship and have had occasion to supervise his work quite closely. He exemplifies the highest characteristics of honesty and integrity and will, indeed, be a credit to your Exchange and to the member firm he serves. His ability as a lawyer is without question of the highest caliber, his knowledge of the securities markets is extensive, and I recommend him fully in terms of moral and personal qualifications.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron

10822 Childs Court
Silver Spring, Md.
20901

May 6, 1970

Dear Jay and Keren:

Iris and I have just returned from a trip to New York. We saw the ballet "Romeo and Juliet"; "The Effect of Gamma Rays on Man-In-The Moon"; "Company" and Brecht/Weill's musical "Mahagonny". Some of the stuff was good; others just so-so but all-in-all I suspect there is nothing much better in New York. Iris is in Williamsburg taking Diana on a trip with her class. I am making plans to take a trip to Puerto Rico and Sun Valley for World Bank "business". Our life is still hectic. I was even in Boston for a few hours to make a speech to a class at Harvard last week about the aims and goals, etc. of the World Bank. Please excuse my not calling you but I was rushed back and forth by a faculty member who picked me up and delivered me to the airplane - all within four hours.

As you probably know, we were up for Passover one night - literally - returned early the next morning. I have doubts whether the whole trip was worth it, with the aggravation or the rush, for either us or the folks. We are so worn out after our hectic week-ends that Iris and I look forward to going to work for a rest.

Mother is now staying with us while Iris is in Williamsburg. She told me last night about the opportunity you have for an appointment at the University of Miami. It is not clear whether the appointment would be from the Medical School or the School of Education. Is this a project which is being budgeted by a non-University source or is this part of their regular program? I would be wary of any project which relies directly or indirectly on Government funds since Universities have been cut back on Government subsidy - particularly for graduate programs. On the other hand, if you could obtain a regular appointment, it would be a great opportunity. Not only is the weather delightful, but Miami is one of the few good schools in the South. I suspect it would be much easier living there than in Boston. Let me know more about it when you get more details. Would you also have an opportunity to teach the undergraduates?

How is Daniel? What is he doing?

Nothing much else new here.

Love,

Gene
Gene

Dr. and Mrs. J. M. Rotberg
5 Millbrook Street
Framingham (Nadick), Mass.



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

May 4, 1970

Dear Helen and Jack:

Iris and Barbie Rappaport had a wonderful time at the Ballet. I can't thank you enough for your generosity and kindness. It was a superb performance and was the theatrical highlight of a delightful weekend -- most of which was spent with my good friends from Oppenheimer. We had a delightful dinner and supper, too, and your kindness is most appreciated.

The weather in Washington, as well as the politics, is most depressing right now. It wears us all down.

Kindest regards,

Gene 

Mr. and Mrs. Jack Nash
10 East End Avenue
Apartment 20D
New York, N.Y.



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

Personal

DECLASSIFIED

May 4, 1970

JAN 06 2025

WBG ARCHIVES

Dear Helen and Jack:

Iris and Barbie Rappaport had a wonderful time at the Ballet. I can't thank you enough for your generosity and kindness. It was a superb performance and was the theatrical highlight of a delightful weekend -- most of which was spent with my good friends from Oppenheimer. We had a delightful dinner and supper, too, and your kindness is most appreciated.

The weather in Washington, as well as the politics, is most depressing right now. It wears us all down.

Kindest regards,

Gene
Gene

Mr. and Mrs. Jack Nash
10 East End Avenue
Apartment 20D
New York, N.Y.



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

Chron
April 30, 1970

Mr. Terry H. Coyne
240 St. Joseph's Street - #108
San Francisco, California 94115

Dear Mr. Coyne:

Thank you for your letter of April 27 and the enclosed resume. I will be delighted to transmit your letter and resume to our Personnel Office. However, as I wrote Emily, I can't be too optimistic. The Young Professionals Program at the Bank, for which you would qualify, takes about one out of one hundred applications throughout the world. As a result, lawyers may find it more difficult to come under that program than to seek employment for the one or two vacancies in the Legal Department. Nonetheless, your enthusiasm and social awareness is so obvious that it certainly is worthwhile to make the effort.

I have also obtained for you, which are enclosed, the Annual Reports of the Inter-American Development Bank, the Export-Import Bank and the U.S. AID Program. I suggest that you write to all three of these agencies. Their addresses are as follows:

- (1) Inter-American Development Bank
808 - 17th Street, N.W.
Washington, D.C. 20577
- (2) Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571
- (3) Agency for International Development
Office of Personnel and Manpower
Room 106, SA-18
Washington, D.C. 20523

Attention: ~~Mrs.~~ Chevalier

You may also be interested in exploring employment possibilities with the Office of the Department of Health, Education and Welfare and the Office of Economic Opportunity, which I am reasonably certain have offices in San Francisco or Los Angeles. They provide a large range of legal services, particularly in disadvantaged areas of those cities.

Mr. Terry H. Coyne

- 2 -

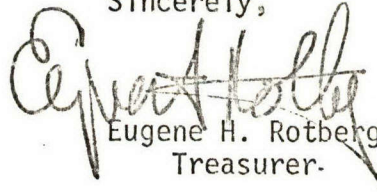
April 30, 1970

Most of the brightest lawyers who are graduating from law school, as you may know, are forgoing private practice and going into academic work, judicial clerkships or neighborhood legal service work. The work is challenging and stimulating and also provides a good deal of experience in the problems of urbanization, unemployment, housing deficiencies, etc.

Please keep in touch and let me know the results of your interviews. In the meanwhile, I will do what I can here at the Bank.

Best regards.

Sincerely,



Eugene H. Rotberg
Treasurer.

Enclosures: 3

OUTGOING WIRE

TO: BANKHAUS C.G. TRINKHAUS
DUESSELDORF

DATE: APRIL 30, 1970

CLASS OF SERVICE: TELEX

COUNTRY: (GERMANY)

TEXT:
Cable No.:

ATTENTION SECRETARY TO COUNT LAMBSDORFF
REUR TELEX APRIL 30 NEITHER MR. ALDEWERELD NOR I WILL BE IN
WASHINGTON ON THURSDAY MAY 21 STOP HOWEVER MR. ALDEWERELD
WILL BE IN FRANKFURT ON MAY 14 STOP PLEASE CABLE IF
COUNT LAMBSDORFF CAN SEE MR. ALDEWERELD AT HOTEL INTERCONTINENTAL
AT 9:30 AM ON MAY 14 STOP FURTHER, I WILL BE IN WASHINGTON ON
FRIDAY MAY 22 AND WOULD BE PLEASED TO SEE COUNT LAMBSDORFF IF
THAT IS CONVENIENT

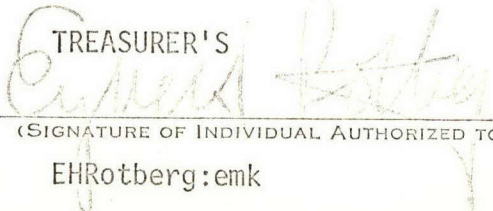
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Aldewereld

For Use By Communications Section

Checked for Dispatch:

Chrom

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

DATE: April 30, 1970

FROM: Edith M. Kesterton *EMK*SUBJECT: Future Travel

This is to advise that Mr. Rotberg's tentative travel plans are as follows:

- (1) He will be in New York on May 1 for financial discussions (First Boston and Salomon Brothers & Hutzler);
- (2) He will attend and moderate the Institutional Investors Conference in Puerto Rico, May 14 and 15;
- (3) He will attend the Bankers' Association for Foreign Trade meetings May 18 to 20;
- (4) He will attend the OECD Capital Markets Committee meetings in Paris June 29 - July 1.

EMK/

1712

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Benjenk

Munir:

Attached is a rather
bureaucratic answer. If you
can think of a more delicate
way to handle it, please do
not hesitate to lend your fine
"Italian hand."


Gene Rotberg
April 29, 1970

Mr. Rotberg

I think this is most diplomatic. He
will not dare question something which
is so complex and incomprehensible !!!

Munir



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

BY AIR MAIL

April 29, 1970

Mr. Subhi Frankool
Chief of Banking
Central Bank of Iraq
P.O. Box 64
Baghdad, Iraq

Dear Sir:

This refers to your letter of April 21, 1970 (No. Bkg/3/1437) with respect to withdrawal authorizations Nos. 46 and 47 and the charge to the loan account No. 457 of Japanese yen in the amounts of 58,931,241 and 41,470,575.

These charges to your loan account are made in accordance with Section 3.03 of the Loan Regulations, which provides that: ".... if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase."

Recently the Bank has made substantial borrowings of Japanese yen. Accordingly, we are disbursing these yen or selling them in the open market to purchase the currencies required, as set forth in our letters of March 30 and April 1. This procedure is, of course, in accordance with our regular practice.

If you have any further questions, please do not hesitate to write to me again.

Sincerely,


Eugene H. Rotberg
Treasurer

Cleared with and cc: Mr. Benjenk
Mr. Gabriel
Mr. Prins

البنك المركزي العراقي

CENTRAL BANK OF IRAQ

Telegraphic Address :

"Markazi Baghdad"

P.O. Box No. 64

Banking..... Dept.

LOANS & INVESTMENTS SECTION.....

Ref. No. Bkg/3/1437

Baghdad 21 April 1970

The Treasurer's Department,
International Bank for Reconstruction & Development,
1818 H Street, N.W.,
WASHINGTON D.C. 20433,
U. S. A.

Dear Sirs,

RE: LOAN NO.457 IRQ

We refer to withdrawal authorisations Nos. 46 and 47, and your letters dated March 30, and April 1, 1970 in respect of charging loan account No.457 with Japanese Yen 58,931,241.00 and 41,470,575.00.

We kindly request you to inform us by return airmail of the conditions upon which you have based your selecting and charging the loan account with Japanese Yen.

We are, Dear Sirs,

Yours faithfully,
for CENTRAL BANK OF IRAQ


CHIEF OF BANKING
SUBHI FRANKOOL

March 20 US\$ 164,640⁰⁰
April 1 £48.197-10-0 } brought into Y

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1972

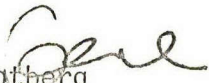
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
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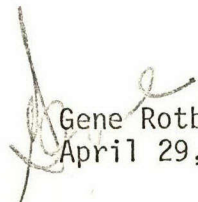
Mr. Broches

Ronnie:

UNCTAD commissioned this paper on the possibility to use SDR's as a source of funds for the World Bank, either through direct investment by the Treasury in IBRD obligations from unneeded portions of the Exchange Stabilization Fund or from monetized SDR's.

I spoke to the author on one or two occasions as to where and how the Bank holds its liquid resources (which has an impact on the U.S. balance of payments statistics). I think he also has had discussions with the U.S. Treasury and perhaps the Federal Reserve Board staff.

It would be most appreciated if you or one of your colleagues could look this over and offer any comments you think advisable. There is a possibility that we may be asked to comment in a more formal way by UNCTAD, or perhaps the U.S. Government, as to our general interest in the matter.


Gene Rotberg
April 29, 1970

BARRETT KNAPP SMITH & SCHAPIRO

(ROOT BARRETT COHEN KNAPP & SMITH)

26 BROADWAY

NEW YORK, N. Y. 10004

April 24, 1970

Mr. Sidney Dell
United Nations Conference on
Trade and Development
United Nations Building
United Nations Plaza
New York, New York

Dear Sidney:

After some final delays due to the holidays, I enclose two copies of a draft of our opinion letter and memorandum. The material in the letter repeats the conclusions of the memorandum, but we wanted each document to be able to stand separately.

I am concurrently sending this draft to some of the officials we interviewed for their comments and corrections.

So far, the project has been both difficult and fascinating.

With best regards,

Sincerely,

Michael O. Finkelstein

MOF;eb:W

Encs.

BCC: Mr. Robert Solomon
Mr. Eugene Rotberg

Mr. Rotberg:

I would appreciate any comments or correction which you may have.

M.O.F.



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

Chron.

April 28, 1970

Dear Emily,

My secretary having seen your bright yellow envelope not only sprinkled it liberally with perfume but also, noting it marked "PERSONAL", opened, xeroxed and distributed copies. It was very nice hearing from you, nonetheless. My life is no less hectic. I have been out of the country several times since I was in California. Later in the month I go to Puerto Rico and Sun Valley, Idaho; I expect to come through San Francisco on my next trip to Japan.

I look forward to hearing from Terry Coyne. The Bank is a challenging place to work and I will certainly distribute his resume to various people in the Bank. However, I cannot be too optimistic. The Bank has perhaps only one or two new positions for lawyers opening up each year. Further, the few new lawyers who do come to the Bank usually are not American since the Bank is making an effort, as an international institution, not to have a disproportionate number of U.S. and United Kingdom nationals on its staff. Further, as you can appreciate, the Bank chooses from professionals throughout the world who have had some international legal experience. I would suggest, therefore, that inquiry also be made of the Inter-American Development Bank, another development institution concentrating its work in Latin America, - particularly if Mr. Coyne speaks Spanish; or the U.S. AID program and the Export-Import Bank, which are the major development agencies for the United States Government.

Again, it was good hearing from you. My staff here also sends regards. Keep in touch, stay good, and keep up the good fight.

Best regards,


Gene Rotberg

Miss Emily J. Kearney
904 Blandford Blvd.
Redwood City, California 94062



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

Chim

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Best regards,

Gene R.
Gene Rotberg

Miss Emily J. Kearney
904 Blandford Blvd.
Redwood City, California 94062



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

April 28, 1970

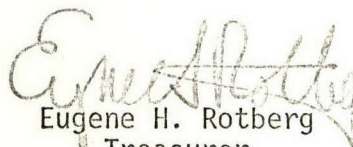
Mr. Pierre Barre
Direction Generale des
Services Etrangers
Banque de France
R. C. Paris No. 57 B 10489
Paris, France

Dear Mr. Barre:

This will acknowledge your letter of April 21, 1970. May I take this opportunity to express our agreement and appreciation for your offer to pay to us interest at a rate equal to the Banque de France's discount rate, currently 8%. We understand that the interest would be computed only on tranches of 200,000 francs and would become due only to the extent that our accounts ("B", "X" and "Building Fund") in the aggregate equal or exceed 1,200,000 francs. These arrangements, as detailed in your letter, are most satisfactory to us.

Thanking you for your cooperation, I remain,

Sincerely,


Eugene H. Rotberg
Treasurer

cc: Financial Counselor
French Embassy
1800 G Street, N.W.
Suite G-1034
Washington, D.C. 20006

cc: Mr. Plescoff

cleared with ^{and} cc: Messrs. Sella
cc: Poore
Prins
Rutland

ok - F. Sella



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

April 28, 1970

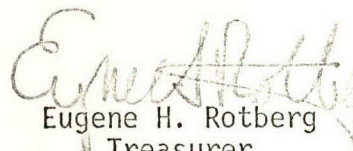
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Prins
Rutland

ok P. Sella

ROUGH TRANSLATION FROM FRENCH OF BANQUE DE FRANCE'S LETTER OF APRIL 21,
1970 ADDRESSED TO THE I.B.R.D.

Attention: Mr. Rotberg, Treasurer

We acknowledge your letter of February 5, which reached us on
March 9 only.

In your letter you expressed the wish of obtaining a remuneration
on those of your holdings in francs which have not originated from the
French francs paid-in portion of the subscribed capital and which, as a con-
sequence, do not enjoy an exchange guaranty. These available funds have
been derived from payments of interest on earlier loans and are now on our
books pending their re-investment.

You inquired about the type of short-term investments which you
could make, as for example in the form of a placement with us, with commercial
banks or by way of purchases of Treasury bonds.

We have examined your inquiry and advise that we would be willing
to pay on those funds which you maintain with us, interest at a rate equal
to the Banque de France's discount rate, i.e. 8% at present.

However, as is customary for matters of this nature, only that
portion of your deposits which exceeds one million francs would be suscep-
tible of being remunerated in this manner. Also, interest would be computed
only on tranches of 200,000 francs, so that interest would become due only
to the extent that your deposits equaled or exceeded 1,200,000 francs. The
accounts "B" and "X" and the "Building Account" would be considered as a
unit.

If these proposals are suitable, please be so good as to confirm
your agreement, it being understood that, in any case, the starting point
for the computation of interest would be March 1, 1970.

Please accept, etc.

P. Barre
Director

JPUhrig:jmh
April 27, 1970

M.



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

February 5, 1970

Mr. Pierre Barre
Directeur,
Services Etrangers
Banque de France
Boite Postale No. 140-01
F-75 Paris 1er., France

Gentlemen:

This letter refers to our prior discussions concerning the investment of certain French franc holdings of this Bank in interest-bearing instruments. It may be appropriate and useful first to summarize briefly the types of funds used by this Bank and to identify those funds which are and are not subject to the maintenance of value provisions of our Articles.

Our currency holdings can be classified into 9% and non-9% funds. The 9% capital subscription funds are subject to the maintenance of value obligation under Article II, Section 9 of the Articles of Agreements of the Bank. These funds can be used for loan disbursements only with the consent of the member whose currency is involved. In the case of France, the 9% capital subscription funds have been released by the French Government and the entire amount is out on loan.

The funds we wish to invest in France are the French francs earned on the loans of our borrowers. These earnings are not protected by the maintenance of value provision. This Bank bears the risk of any loss in value of currency both while these earnings are held by the Bank as investments and while they are out on loan. Under the Articles of Agreement, currencies representing earnings can be used by the Bank without restriction. To date the Bank has accumulated earnings in French francs in the equivalent of \$54 million; most of which has been reloaned to our borrowers. At present we hold about Fcs 10 million of such earnings in our Account B with you. Further, we will receive additional amounts of francs in the form of loan repayments (other than repayments of 9% funds) and interest.

Mr. Pierre Barre

- 2 -

February 5, 1970

We would be grateful, if you would suggest the type of short-term investment available for these non-9% funds, during the period they temporarily are not required for loan disbursements. We are prepared to place the funds either with you or with commercial banks at the appropriate interest rate, or preferably to purchase French Treasury Bills if they are available to us. In this connection, in 1960 you purchased as agent for us and at our request Treasury Bills with our non-9% funds.

We look forward to your favorable reply.

Sincerely yours,


Eugene H. Rotberg
Treasurer

cc: Financial Counselor
French Embassy

Mr. Aldewereld

Siem:

You may want to read the
commentaries pages 1 to 8 before
you come to any final conclusions
on possible Bank borrowing in the
United States and probable costs.

Gene R.
Gene R.
4/28/70

THE INVESTMENT OUTLOOK FOR 1970
BANKERS TRUST COMPANY NEW YORK

Mr. McNamara

Attached is the new study by the
Bankers Trust Company on the sources
and uses of funds for 1970. The
commentary and accompanying tables are
quite good.


Gene Rotberg
April 28, 1970

THE INVESTMENT OUTLOOK FOR 1970
BANKERS TRUST COMPANY NEW YORK

Chrom

ROUGH TRANSLATION FROM FRENCH OF BANQUE DE FRANCE'S LETTER OF APRIL 21,
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Attention: Mr. Rotberg, Treasurer

We acknowledge your letter of February 5, which reached us on March 9 only.

In your letter you expressed the wish of obtaining a remuneration on those of your holdings in francs which have not originated from the French francs paid-in portion of the subscribed capital and which, as a consequence, do not enjoy an exchange guaranty. These available funds have been derived from payments of interest on earlier loans and are now on our books pending their re-investment.

You inquired about the type of short-term investments which you could make, as for example in the form of a placement with us, with commercial banks or by way of purchases of Treasury bonds.

We have examined your inquiry and advise that we would be willing to pay on those funds which you maintain with us, interest at a rate equal to the Banque de France's discount rate, i.e. 8% at present.

However, as is customary for matters of this nature, only that portion of your deposits which exceeds one million francs would be susceptible of being remunerated in this manner. Also, interest would be computed only on tranches of 200,000 francs, so that interest would become due only to the extent that your deposits equaled or exceeded 1,200,000 francs. The accounts "B" and "X" and the "Building Account" would be considered as a unit.

If these proposals are suitable, please be so good as to confirm your agreement, it being understood that, in any case, the starting point for the computation of interest would be March 1, 1970.

Please accept, etc.

P. Barre
Director

JPUhrig:jmh
April 27, 1970

M.

BANQUE DE FRANCE

DIRECTION GÉNÉRALE
DES
SERVICES ÉTRANGERS

R. C. PARIS N° 57 B 10489

Relations avec l'Etranger

GLG/ez

PARIS, le 21 avril 1970

BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION & LE DEVELOPPEMENT
1818th Street N.W.
WASHINGTON D.C. 20433

- A l'attention de M. ROTBERG
Trésorier

Messieurs,

Nous avons l'honneur d'accuser réception de votre lettre datée du 5 février 1970, laquelle ne nous est parvenue que le 9 mars.

Vous nous faites part dans votre correspondance du souhait d'obtenir une rémunération de vos avoirs en francs ne provenant pas de la fraction du capital libérée en notre monnaie et qui ne bénéficient pas de ce fait d'une garantie de change. Ces disponibilités proviennent de l'encaissement d'intérêts sur prêts antérieurs et sont maintenues sur nos livres en attente de réemploi.

Vous nous interrogez sur le type d'investissement à court terme auquel vous pourriez procéder sous forme, par exemple, d'un placement auprès de nous-mêmes ou des banques commerciales ou bien encore par voie d'acquisition de bons du Trésor.

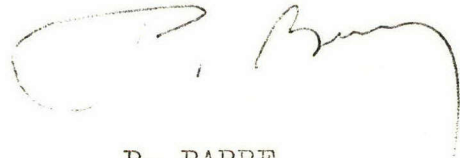
Nous vous informons après examen de votre demande que nous serions disposés à verser sur de telles disponibilités que vous entretenez chez nous un taux d'intérêt égal au taux d'escompte de la Banque de France, soit actuellement 8 %.

Toutefois, seule serait susceptible de bénéficier de cette rémunération la fraction des avoirs se situant au-dessus d'un plancher de 1 million de francs, conformément aux usages en la matière. Le décompte des intérêts serait d'autre part établi par tranches de 200.000 francs, en sorte que des intérêts ne vous seraient servis qu'autant que vos avoirs seraient égaux ou supérieurs à 1.200.000 francs. Les comptes "B" et "X" et le "Building Account" seraient à ces fins considérés comme une seule entité.

Si ces propositions vous agréent, nous vous demandons de bien vouloir nous confirmer votre accord étant considéré en tout état de cause que le point de départ pour le calcul des intérêts serait fixé au 1er mars 1970.

Veuillez agréer, Messieurs, l'assurance de notre considération distinguée.

Le Directeur,



P. BARRE

Chron

Eugene H. Rotberg
Treasurer

*International Bank for
Reconstruction and Development
Washington, D. C.*



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

April 27, 1970

Union Bank of Switzerland
Bahnhofstrasse 45
Zurich, Switzerland

Attention: Messrs. Schild and Kuchler
Foreign Department

Gentlemen:

Receipt is acknowledged of your letter
(hg/wk 2750) of April 21 regarding the new
time deposit of Sfr. 5,000,000. Would you
please change your mailing records to
reflect that Mr. Eugene H. Rotberg is the
Treasurer of the International Bank for
Reconstruction and Development. Please
delete Mr. Cavanaugh's name.

Very truly yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg



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

Chron:

April 24, 1970

Dear Audrey and Ray:

Thank you for your help. I
look forward to seeing the play.

Best regards,

Gene Rotberg

Miss Audrey Lane
Mr. Ray Barnett
New York Office

Chron.

1. Mr. Jim Doolan called to set up a firm date for your going to Harvard. Any day of the week beginning April 27 would be fine with them -- Monday is their preference. You would take over Mr. Doolan's class at 11:10 Monday and then, if you were in agreement, could address the students of the International Business Club at about 4:00 p.m. They would like to invite you to dinner if you could stay. I promised Mr. Doolan I would call him (X309) and let him know if the 27th was O.K. or if some other day would suit you better.

2. I am setting up the luncheon with the Italians for April 10 -- there will be 9 in all. I will give you the details later.

Mr. Aldewereld had asked you (subsequently) to attend a luncheon on the same day (April 10) for two VIP's from Barings Bros. - Nicholas Baring and Christopher McAlpine. I told them that you would not be able to be present.

X

3. Professor Guttman called 4/1 to remind you that you have a meeting on Tuesday, April 14 at 4:00 p.m. at the American University.

4. Mr. Paul Mason called (4/3/70).

5. Mr. Meckman and Mr. Treichel of the Creditanstalt-Bankverein Austria are coming to Washington May 21 and would like to see you at 10:30 a.m. I told Mr. Krieger's office and would let them know -- you are tentatively scheduled to go to BAFT.

Kessie call Krieger's sec 3/188

6. Fred Vechery, Chairman of the Program and Meetings Committee of the Montgomery/Prince George's Chapter of the Maryland Association of Certified Public Accountants called you 3/30. RWC had addressed the National Association of Accountants in Nov. 1967 and Mr. Vechery would like to know if you would be interested in giving a speech on the World Bank to an audience of between 50 and 100 people. Their first meeting is on September 10. I promised to call Mr. Vechery back and let him give you a few more details and you could then tell him if you are interested in addressing such a group. It would be here in Washington. If you do agree they would like us to send a brief outline of what you plan to say - also a biographical sketch and a photograph.

7. Ted Kronfeld called 4/1 - but will call again.

8. Mr. Hirschtritt called 3/31 -- no message; he was about to leave town.

9. Bill Bennett called 3/30.

10. Charles Schmeder in IFC wants a call. (X4128). He would like to arrange for you to see Mr. Marc Alexandre, Managing Director of Eurofinance on May 5. Eurofinance is a consulting organization which is controlled by many large banks in America. He will give you more details when he talks to you provided you are agreeable to meeting with Mr. Alexandre.
11. Bruce Mountain who is a consortium student will graduate on May 27 from American University. He wanted to know if he would be able to write your exam prior to May 27 [which is the date scheduled for your exam] - otherwise if he would have to drop out of your class. I told him there would be no problem -- you usually handed out a paper at least a month in advance.
12. Mr. Broches and Mr. Clyde are anxious to get ahold of you on Monday - to send the Japanese bonds.
- 13.

Chen.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg

SUBJECT: Yield Spreads: Five-Year Market/Long-Term Market

DATE: April 24, 1970

Attached is an analysis of the yield spread between intermediate-term and U.S. long-term bonds. We have chosen 3, 4 and 5 year U.S. Government agencies as representative of the intermediate-term market because our bonds are likely to be considered most similar to them in investor acceptance, method of distribution, size, frequency of issue, etc. If, however, we issued infrequently the market could be quite thin and we might not be able to successfully compete with U.S. Government agencies. The comparisons have been made both with AA long-term utilities with 5-year call protection, and with AAA long-term corporate bonds.

Apart from the rather clear trend showing the lower yields of the intermediate-term bonds (despite an accelerated distribution of 3-5 year agencies in recent years), it is interesting to note the fluctuations in the long-term bond market, both in absolute terms and relevant to the 5-year market. Note in particular, October 1969 and February 1970. For the most part the temporary narrowing of the spread results from an over-reaction of non-institutional investors in the long-term bond market to favorable news concerning inflation which rapidly dissipates as corporate issuers overburden the calendar in an attempt to take advantage of the apparently improving market tone.

As of today, new intermediate agencies would yield approximately 8% and AAA corporates perhaps 8.85 or 8.90.

Attachment



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

Chron.

AIR MAIL
SPECIAL DELIVERY

April 21, 1970

Professor James Doolan
Harvard Business School
Room 210, Morgan Hall
Boston, Massachusetts 02163

Dear Professor Doolan:

As agreed on the telephone today, I am sending you herewith four photographs and four copies of Mr. Rotberg's resume. I am also enclosing a copy of (a) some informal remarks which Mr. Rotberg made in June 1969 at a conference sponsored by the Institutional Investor magazine; and (b) a speech which he gave to the Los Angeles Bond Club in February 1970.

I have asked Doris Bomstein in our Information and Public Affairs Department to send you by Special Delivery some copies of "Loans at Work" and some posters.

With best regards.

Sincerely,

Kesterton

Edith M. Kesterton
Secretary to
Mr. Rotberg

Enclosures



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

Chron.

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

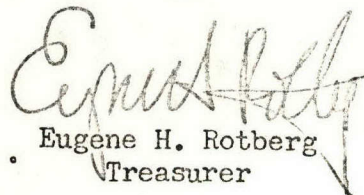
Chron
April 21, 1970

Mrs. Vera K. Genovese
1745 N Street, N.W.
Washington, D. C. 20036

Dear Mrs. Genovese:

I received your application and have circulated it to various people in the Bank who might have use for someone with your background and experience. I expect that someone in the Bank will be in touch with you further if there are any possibilities for employment.

Sincerely,


Eugene H. Rotberg
Treasurer



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

April 17, 1970

Mr. Kenneth P. Kinney
President, BAFT
c/o The Northern Trust Company
Chicago, Illinois

Dear Mr. Kinney:

Thank you for your kind invitation to the BAFT meetings. It looks now as though I will be able to attend the meetings. I would hope to arrive late Sunday and remain until Wednesday. Please let me know what forms I must fill out to arrange for accommodations etc. Unfortunately, my wife will not be able to attend.

Best regards,


Eugene H. Rotberg
Treasurer



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

April 16, 1970

Arab Bank Limited
Amman, Jordan

Attention: Mr. Abdul Majeed Shoman

Gentlemen:

Receipt is acknowledged of your 1969 Annual Report - Arab Bank (Overseas) Ltd. Zurich. Would you please change your mailing records to reflect that Mr. Eugene H. Rotberg is the Treasurer of the International Bank for Reconstruction and Development. Please delete Mr. Robert W. Cavanaugh's name.

Very truly yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg



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

April 16, 1970

Mr. Roy Schotland
Associate Dean
Georgetown Law School
506 E Street, N.W.
Washington, D.C.

Dear Roy:

Enclosed are studies by Salomon Brothers and the Bankers Trust Company on the sources and uses of funds in the United States. I do not have the Bankers Trust study for 1970 yet but it has already been published. I suggest you look over the Salomon Brothers study first and then the Bankers Trust which breaks down the material even further.

Best of luck.

Sincerely,


Gene



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

April 16, 1970

Mr. William B. Denney
President
The Security Traders
Association of New York, Inc.
c/o Doyle, O'Connor & Co., Inc.
20 Exchange Place
New York, N.Y.

Dear Bill:

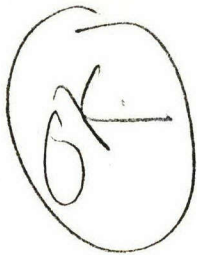
Thank you for your kind invitation to
attend The Security Traders Association of
New York annual dinner on May 1. I am
pleased to accept your invitation to the
Reception and dinner and look forward to
seeing you at that time.

Sincerely,


Eugene H. Rotberg
Treasurer

THE SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

MEMBERS OF THE NATIONAL SECURITY TRADERS ASSOCIATION



DICTUM MEUM PACTUM

BOARD MEMBERS FOR 1970

WILLIAM B. DENNEY
President
DOYLE, O'CONNOR & Co., INC.

ARTHUR K. SALOMON
First Vice President
SALOMON BROTHERS & HUTZLER

PAUL R. YEDNAK
Second Vice President
SIDNEY A. SIEGEL & Co., INC.

DONALD E. WILLIAMS
Secretary
BAER SECURITIES CORPORATION

J. PETER THOMPSON
Treasurer
PAINE, WEBBER, JACKSON & CURTIS

April 7, 1970

Mr. Eugene Rotberg, Treasurer
World Bank of New York
20 Exchange Place
New York, N. Y. 10005

Dear Mr. Rotberg:

On behalf of The Security Traders Association of New York, I extend to you a most cordial invitation to be our guest at the 34th annual dinner to be held at the Americana Hotel on Friday, May 1, 1970.

The Board of Directors and I look forward to greeting you at the Reception for Honored Guests which will be held in Georgian Ballroom "A" at the hotel at 6:00 p.m., preceding dinner at 8:00 p.m. Approximately 2,000 representatives of leading firms in the securities industry in the United States and Canada will attend the dinner. *

We look forward to your acceptance.

Sincerely yours,

William B. Denney
President

*Black tie.

DIRECTORS

PETER J. DAPUZZO
LOEB, RHOADES & Co.

MARTIN H. GUNKEL
R. W. BAIRD & Co.

SAMUEL HUNTER
SMITH, BARNEY & Co., INC.

NATHAN A. KRUMHOLZ
WECHSLER & KRUMHOLZ, INC.

WILLIAM T. MEYERS
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.

JOHN D. OHLANDT, JR.
NEW YORK HANSEATIC

EDWARD M. POSNER
RAUSCHER PIERCE SECURITIES CORP.

WARREN SHORE
SUEZ AMERICAN CORP.

MORTON N. WEISS
TROSTER SINGER & Co.

BERNARD WEISSMAN
GOLD, WEISSMAN & FRANKEL, INC.

PAUL WINDELS, JR.
General Counsel
WINDELS MERRITT & INGRAHAM

GAMBOL J. DUNN
Auditor
DUNN, PEZZULO & COMPANY

Chron
4/14/70

Between October 1, 1959 and the current date the Bank sold note and bond issues aggregating \$459.5 million principal amount. Of this sum \$250 million represented new funds and the balance of \$209.5 million represented the refunding and roll over of maturing issues. All of these bond and note issues were made outside the United States.

The new issues in this period were represented by the following: Yen 72 billion (\$200 million equivalent) represented by a sale of five-year obligations to The Bank of Japan; \$49.5 million represented by the sale of two-year bonds to Central Banks and other government institutions in 62 countries and 1 international agency.

The refunding issues included: the issuance of Deutsche mark 311 million (\$85 million equivalent) to the Deutsche Bundesbank maturing in 4-1/2 years to replace an equivalent amount of Deutsche mark and dollar-denominated obligations originally issued to Deutsche Bundesbank; \$125 million of two-year bonds which were placed with Central Banks and one international institution replacing an equivalent amount of maturing bonds and held by Central Banks and international institutions.

See the attached table for a breakdown of the gross and net borrowing in fiscal years 1967, 1968, 1969 and through April 1, 1970.

Attachment

This was changed.

Chron.

OFFICE MEMORANDUM

TO: Mr. William S. Gaud

FROM: Eugene H. Rotberg *ERM*

SUBJECT: Luncheon - April 10

DATE: April 9, 1970

The representatives from the Banca Nazionale del Lavoro, New York, who will be attending the luncheon on Friday, April 10, are Mr. Renato Guadagnini (Manager) and Mr. Luigi Sardelli (Co-Manager).

In addition to the above and yourself, there will also be present Messrs. Rota, Crispi (Italian E.D. for the Fund), Diamond, Koch, Tamagna and Rotberg.

The luncheon will be in Dining Room "A" at 1 o'clock.

OFFICE MEMORANDUM

TO: Professor Frank Tamagna

FROM: Eugene H. Rotberg *ERM*

SUBJECT: Luncheon - April 10

DATE: April 9, 1970

The representatives from the Banca Nazionale del Lavoro, New York, who will be attending the luncheon on Friday, April 10, are Mr. Renato Guadagnini (Manager) and Mr. Luigi Sardelli (Co-Manager).

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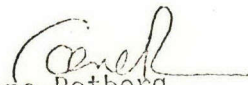
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Chron

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

Mr. McNamara
Mr. Aldewereld

Attached is a good analysis of
the current state of the German capital
market. See in particular paragraph (a),
page 4. The issue of last Wednesday of
Die Welt is the source of the reference
to the World Bank borrowing in April.


Gene Rotberg
April 13, 1970

*Attachment (see Mr. Hackman's memo on
German Capital market dtd April 10, 1970.)*

Chron



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

April 10, 1970

Mr. Richard M. Meyer
Pomerantz Levy Haudek & Block
295 Madison Avenue
New York, N.Y. 10017

Dear Dick:

Re: Moses v. Burgin

Thanks for sending the copy of the
transcript of Laufman. It was "very
interesting".

Best regards,


Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. Georges Plescoff
Mr. S. Aldewereld

DATE: April 10, 1970

FROM: Eugene H. Rotberg 

SUBJECT: Telephone Conversation with J. Woodward Redmond,
of J. W. Redmond & Co. - April 9, 1970

Woody Redmond advised me, in response to my inquiry, that the Bank Investment Committee has full discretion in the percentage of bonds versus stocks held in the portfolio. We could, if we so desired, shift to 100% bonds or 100% stocks without violating any precedent. Mr. Redmond told me that, when he began to advise the Bank on its investment program, the portfolio consisted of 70 - 75% bonds with the balance in equities. Prior to that time it had been decided to hold mainly bonds, since the Bank was obligated to meet any deficiencies in the funding of the retirement program and could obtain no benefit on any capital appreciation. However, that philosophy changed under Mr. Black; it was recognized, according to Redmond, that a portfolio primarily constituted in bonds, though limiting the Bank's risk, would also prevent any increase in the Staff Retirement Plan and would not compensate for inflation. Accordingly, the Bank began to shift larger portions of its assets into equities.

Chen

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EH*

SUBJECT: Austrian Issue

DATE: April 7, 1970

Siem:

I have just received a call from van Saagsvelt re our proposed Austrian issue. During my recent visit it was informally agreed that the Bank should not issue securities yielding more than 10 to 12 basis points than Austrian Government obligations. The Republic of Austria at the time of my visit was contemplating an issue in late April or early May, some two to three weeks prior to our proposed issue.

According to van Saagsvelt, since the date of my visit the market has deteriorated. The Asian Development Bank has come out with an issue and it was a failure. The yield to the public was 7.43% and the underwriters are left with a substantial portion of the issue. However, because of arrangements made with the ADB that the funds would be kept in Austria for an extended period of time - several years - their losses can be minimized, since the going rate of interest for the deposit was quite low. The Kontrollbank has also come out with an issue and van Saagsvelt has described it as a "disaster". On the other hand, there are funds available and the Government does intend to go forward with its issue of 1 billion Schillings in two tranches: one, a 15-year issue at 7.50% yield to the public (7% coupon discounted down to yield 7-1/2%). This security also has the additional feature of providing a \$15 rebate to the investor on each \$100 bond purchased. The second tranche, which will be offered simultaneously, has a five-year average life and will be discounted down from a 7% coupon to yield 7.6%. Since our issue cannot have the rebate advantage (we are not an Austrian issuer), the yield to the public of our issue would be between 7.60% and 7.70%, or 10 basis points over the contemplated shorter-term Government issue. Assuming that we have an 8-year average life, this would mean a coupon of 7% and an issue price to the public of approximately 95.50. The underwriting discount and the fees to the Kontrollbank and other costs would mean a price to us of something like 93.50 - cost to us 7.97%. The foregoing assumes, of course, a market condition as exists today. The underwriters have suggested that, rather than have such a deep discount, there be a slight premium on the sinking fund payments so as to produce approximately the same yield to the public but without such a deep discount. van Saagsvelt advised me

April 7, 1970

that virtually all issues have this feature in Austria. I told him I saw no objection to it and that we so agree with the underwriters. I advised van Saagsvelt that I would check with you and Mr. McNamara on your views towards paying almost 8% to ensure a successful issue.

I recommend that we go forward with the preparation of the issue pending the Government issue in early May. Austria still has the lowest yields in Europe and I think that a successful issue could permit us to tap the market perhaps twice a year. As long as there is an understanding that the yield to the public for our issue will be only 10 to 12 basis points over the Government yield in their May issue, I think we have a reasonable deal.

The ADB issue, to which I refer above, was priced on March 19 and the deterioration has occurred since that date. The failure of the ADB issue, I understand, is not publicly known yet as it was just offered this week, although it was priced some time ago.

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *ER*

SUBJECT: Portfolio Investments

DATE: April 7, 1970

There is attached a statement of our portfolio yields as of March 31, 1970. This statement reflects the investment of \$100 million in U.S. Treasury Bills as a result of the second Japanese borrowing. It was not feasible for us to invest \$100 million in U.S. Government agencies on the day of their receipt. Accordingly, we have made commitments to invest on April 1, April 10 and April 20 \$65 million in 3 to 5 year agencies which will yield us about 7.85%. We will either sell Treasury Bills or apply new funds to meet these commitments.

In addition, since the date of the report, we have rolled over \$20 million in Time Deposits at 8-1/4% which replaced 7-3/4% maturing deposits. Today, however, the rate for one year certificates of deposit was quoted as low as 7 to 7-1/2%; accordingly, I have permitted these to lapse and am seeking to invest the proceeds at higher rates and for longer periods in U.S. Government agencies. (The 2 to 4 year market is not quite as strong as it was a week or two ago but it is still almost 100 basis points better than the long-term corporate market.)

The switch into U.K. investments, as you know, has produced a substantial increased yield. Recently, as a result of strengthening of the British economy, the market value for these securities has also appreciated considerably; these securities now can be sold for a \$3-1/2 million immediate profit. We could take the proceeds and simultaneously invest them in other U.K. securities at attractive yields. We are doing some computer programming to determine whether such a swap makes good sense at this time.

Attachment

Chron



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

April 7, 1970

Dear Art:

I was delighted to learn that you
have now joined Weis, Voisin, Cannon, Inc.
as Vice President - General Counsel.
Please accept my congratulations and good
wishes for your continued success.

Best regards.

Sincerely,

Eugene H. Rotberg
Treasurer

Mr. Arthur Goldman
Vice President - General Counsel
Weis, Voisin, Cannon, Inc.
111 Broadway
New York, N.Y. 10006

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Chron.

Mr. Aldewereld

Siem:

I am attaching the response
from Oppenheimer & Co. and an article
on the new investment portfolio
management policy of the Chase
Manhattan Bank. Note in particular
the performance of the Oppenheimer
account as compared to the S. & P.
average and other mutual funds.
I also think that the Chase Manhattan
idea is most attractive.


Gene Rotberg
April 6, 1970

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Rotberg:

After Mr. Chang had signed this memo he talked with Bob Mayer of Bank of America and left the following message for you.

Bank of America will probably take any additional funds you have left after talking with the other banks. They will probably pay 8 1/4% or better for one year money. This afternoon the Euro-dollar came up again and this might change the picture for next week.

Arita

Arita
4/3/70

Chron.

OFFICE MEMORANDUM

TO: Mr. Eugene H. Rotberg

FROM: Y. L. Chang *YLC*

SUBJECT: Pending Matters

DATE: April 3, 1970

I list hereunder a few matters which will require your attention while I am away:

1. Time Deposits:

On April 10 there will be time deposits due from 10 banks totalling \$31 million. I have settled with two banks in New York (Marine Midland and Bank of North America) to roll-over for one year at 8 1/4% p.a. and one bank in Chicago (First National Bank of Chicago) for 13 months at 8% p.a. I have also spoken with the other banks who, at this moment, have expressed some reluctance not only in paying us this range of rate but also in going to one year maturity at all. I have arranged that you will get in touch with them on Tuesday, April 7 in order to ascertain their definite position. My own feeling is that a great number of them would prefer to let their CDs run out on the expectation that the interest rate will be lower a year from now. You will know the results after your discussion with them next week, and then you can decide what to do with the funds if such CDs are terminated.

I have already rolled-over \$7 million with Wells Fargo due April 9 for one year at 8 1/4% p.a.

2. Yugoslavia

I received a call from Mr. D. Hartwich who told me that the Yugoslavs are very much interested in developing their capital market. During the forthcoming negotiations with the Bank, their delegation would like to have a discussion with us. Mr. Hartwich will be in touch with you early next week.

3. Bank History

Dr. Mason, who is writing the Bank's history, came to see me and we discussed a few matters relating to the Bank's operations, particularly on some of the financial aspects. I have given him certain statements. He would like to see you and talk about the financial policies. As he comes here once every two weeks, he will probably be in touch with you the following week.

YLChang:ara

Chm -

Date April 3,
1970

1. Mr. Jim Doolan called to set up a firm date for your going to Harvard. Any day of the week beginning April 27 would be fine with them -- Monday is their preference. You would take over Mr. Doolan's class at 11:10 Monday and then, if you were in agreement, could address the students of the International Business Club at about 4:00 p.m. They would like to invite you to dinner if you could stay. I promised Mr. Doolan I would call him (X309) and let him know if the 27th was O.K. or if some other day would suit you better.
2. I am setting up the luncheon with the Italians for April 10 -- there will be 9 in all. I will give you the details later.

Mr. Aldewereld had asked you (subsequently) to attend a luncheon on the same day (April 10) for two VIP's from Barings Bros. - Nicholas Baring and Christopher McAlpine. I told them that you would not be able to be present.
3. Professor Guttman called 4/1 to remind you that you have a meeting on Tuesday, April 14 at 4:00 p.m. at the American University.
4. Mr. Paul Mason called (4/3/70).
5. Mr. Meckman and Mr. Treichel of the Creditanstalt-Bankverein Austria are coming to Washington May 21 and would like to see you at 10:30 a.m. I told Mr. Krieger's office and would let them know -- you are tentatively scheduled to go to BAFT.
6. Fred Vechery, Chairman of the Program and Meetings Committee of the Montgomery/Prince George's Chapter of the Maryland Association of Certified Public Accountants called you 3/30. RWC had addressed the National Association of Accountants in Nov. 1967 and Mr. Vechery would like to know if you would be interested in giving a speech on the World Bank to an audience of between 50 and 100 people. Their first meeting is on September 10. I promised to call Mr. Vechery back and let him give you a few more details and you could then tell him if you are interested in addressing such a group. It would be here in Washington. If you do agree they would like us to send a brief outline of what you plan to say - also a biographical sketch and a photograph.
7. Ted Kronfeld called 4/1 - but will call again.
8. Mr. Hirschtritt called 3/31 -- no message; he was about to leave town.
9. Bill Bennett called 3/30.

10. Charles Schmeder in IFC wants a call. (X4128). He would like to arrange for you to see Mr. Marc Alexandre, Managing Director of Eurofinance on May 5. Eurofinance is a consulting organization which is controlled by many large banks in America. He will give you more details when he talks to you provided you are agreeable to meeting with Mr. Alexandre.
11. Bruce Mountain who is a consortium student will graduate on May 27 from American University. He wanted to know if he would be able to write your exam prior to May 27 [which is the date scheduled for your exam] - otherwise if he would have to drop out of your class. I told him there would be no problem -- you usually handed out a paper at least a month in advance.
12. Mr. Broches and Mr. Clyde are anxious to get ahold of you on Monday - to send the Japanese bonds.
- 13.

Chron

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Edith M. Kesterton *EMK*
SUBJECT: Future Movements

DATE: March 31, 1970

This is to advise that Mr. Rotberg's tentative travel plans are as follows:

- (1) He will be on vacation until April 3.
- (2) He will attend the Bankers' Association for Foreign Trade meeting in Sun Valley, Idaho, from May 17 through May 20.

EMK/



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

March 30, 1970

The First Boston Corporation
20 Exchange Place
New York, N.Y. 10005

Attention: Advertising Department

Gentlemen:

Re: Quotations on U.S. Government
and Agency Securities

In order to complete our files, it would be appreciated if you would send us the quotation sheets which we did not receive because of the mail strike.

Thank you for your cooperation.

Sincerely,

Eugene H. Rotberg

Eugene H. Rotberg
Treasurer



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

March 27, 1970

Mr. Harry L. Zeeman, Jr.
Vice President
Carl Marks & Co. Inc.
20 Broad Street
New York, N.Y. 10005

Dear Harry:

The pictures are great. Thank
you very much. I look forward to
seeing you again.

Best regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gene", is written above the printed name.

Gene Rotberg

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 27, 1970

FROM: Eugene H. Rotberg

SUBJECT: Five-year ProjectionDECLASSIFIED ~~CONFIDENTIAL~~

Date: 10/19/2010 SMT

I have just seen today a draft of the P & B FY 1971-75 projection for the next five years which, I understand, will be submitted to you next week. Inasmuch as I will be on leave during that time, I take this opportunity to discuss it with you.

There is one aspect of the projection which, in my opinion, should be revised. As you know, the net borrowing is a residual figure which is primarily affected by the level at which we wish to keep our cash and liquid resources. This cash balance should bear some relationship to, say, the projected yearly disbursements and refined further by the anticipated net cash flow. Until that refinement is worked out, I suggest that, for presentation purposes, we at least gear the cash position to some relationship to our projected yearly disbursements. The draft that I have seen would reduce the cash position to approximately one year's disbursements from a level of about 2-1/2 times for FY 1970 and 2 times for FY 1971. That cash projection seems dangerously low, perhaps misleading, particularly when we realize that the projection also contemplates a \$2 billion gross borrowing in 1975 in order to just maintain that cash position for the following year. It would seem safer and more realistic to project a cash position of, say, 1-1/2 times our yearly disbursements which is still considerably below the current and even next year's ratio. This would contemplate an average annual borrowing over the period of, say, \$700 million net, rather than as shown in the draft projection -- a quite low ratio of cash to yearly disbursements by 1975, with modest target borrowing over the next five years. Our problems in raising resources are substantial; I am concerned that the draft projection may mask the problem rather than point it out. One further question. Does the "smoothing" out of our borrowing over the next five years reduce the level of our borrowing for FY 1976-78? To what level?

cc: Mr. J. Adler



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

March 30, 1970

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20 Exchange Place
New York, N.Y. 10005

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Thank you for your cooperation.

Sincerely,

Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

Chen

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Goodman

Ray:

I have not distributed this or sent to "Files". If the matter is not settled and you think it would be helpful to distribute this paper, please do so. On the other hand, if the subject is closed and further discussion is either fruitless or would antagonize, forget it.

Have you seen Uhrig's summaries of the meetings? They seem to me further support for an issue. At least the Malaysians expect one.

Gene

Gene Rotberg
March 26, 1970

OFFICE MEMORANDUM

TO: Files

FROM: Eugene H. Rotberg

SUBJECT: Proposed Borrowing in Malaysia

DATE: March 26, 1970

The following are the reasons, expressed at the meeting of March 26, for my position.

. . .

Mr. Rotberg expressed the view that the recent cable from Malaysia added no new information but merely reflected an awareness, perhaps not before realized by the Malaysians, that a bond issue by the Bank might jeopardize the \$200 million plus which the Bank is considering over the next five years to lend to them -- a good portion of which was in local currency financing. Mr. Rotberg said that, on the basis of the documents he had seen, the Malaysian Government had stated (a) there had been an outflow of funds from Malaysia; (b) a World Bank issue would attract funds into Malaysian dollars which were not available for the purchase of intermediate or longer-term government securities; and (c) that a bond issue of the Bank would, therefore, help stem outflows from the country. He noted that reference was made to the fact that the Chinese had funds which were not available for Government borrowing, and that the IMF recent mission had indicated that, even if the Government could borrow, their debt servicing costs were quite high (13%) and they should not increase that debt. He noted that reference was made to the fact that commercial banks were not interested in purchasing government paper and that, therefore, our bond issue could mobilize savings not otherwise available to the Government.

Mr. Rotberg also stated that he was attracted by the implication of the proposal, i.e. mobilize local savings not otherwise available to the Government (for a wide variety of political and social reasons) and have the Bank act as an intermediary to put those funds back into the country. He said he did not believe that this would lead to lack of confidence in the country since the riots showed, if anything, political instability; that the Bank issue would not appear to aggravate that situation, nor would it appear to indicate any lack of confidence in the currency (which was quite strong) or the Government's financial integrity. Thus, he argued that it was unlikely that the World Bank issue would indicate a lack of confidence in the Malaysian Government's financial strength.

Further, Mr. Rotberg stated that, apart from the attractiveness of mobilizing savings through the Bank acting as an intermediary, an appropriate method for strengthening a private capital market is to first establish strong obligors issuing local currency obligations in order to attract funds from competing currencies. The next step would be for the Government or private sources to attract the same funds. Mr. Rotberg said that, if Malaysian citizens were investing in currencies other than Malaysian dollars because of higher yields, that could justify turning down local currency financing whether or not we borrowed in Malaysia.

Chon

SSM MINUTES (MARCH 24)

BORROWING IN JAPAN

Mr. Rotberg reported that earlier that day the Executive Directors had approved a proposal to borrow Yen 36 billion (equivalent to \$100 million) from the Bank of Japan. Mr. Aldewereld had subsequently signed the loan agreement on behalf of the Bank. This borrowing was similar in amount and terms to its predecessor, the Bank's first borrowing in Japan, which had been approved on February 10. The rate of interest would be 7.14%. Repayment would be in five semi-annual instalments of Yen 7.2 billion, beginning on March 30, 1973 and ending on March 30, 1975. As previously, there would be a swap arrangement whereby, although the Bank would immediately convert the proceeds into U.S. dollars, the Japanese authorities would reverse the transaction so that the Bank did not take any currency exchange risk.

Since the first borrowing from the Bank of Japan in February, the interest rate on three-months U.S. Treasury Bills had fallen from 7.10% to 6.25%, that on 4-year money from 8.10% to 7.75%, and that on time deposits from 9-1/8% to 8-1/8%. However, while short^{and immediate} term rates had been falling, the long-term rate had risen from 8.70% to 8.85%, and it was uncertain when it would react in sympathy with short-term rates; for the time being an offering of more than \$1 billion by A.T.T. to be made early in April was overhanging the market. It had not yet been decided how the additional \$100 million to be borrowed from Japan would be placed.

The Chairman said that additional \$100 million represented insurance against the uncertainties of the capital markets which cost the Bank

Nothing, since it could be placed at about 7.70%. The Bank was earning

an average of 8.41% on its liquid assets which, at a level of more

than \$2 billion, were higher than current operational needs required,

but provided a safeguard, *against future uncertainties in the capital market and increased deposits* Messrs. Aldewereld and Rotberg were shifting

these liquid assets into somewhat longer dated paper which would enable

them to continue to earn the current high rates for as long as possible.

borrowing in form

of interest

installments of

ending on

ment whereby

into U.S. dollars

action at that

Since the

interest rate

to 6.5%, the

deposits from

been falling

it was unwise

for the time

to be advised

been decided

would be

The

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: MARCH 24, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. HITOSHI YUKAWA

OUR BOARD OF EXECUTIVE DIRECTORS HAS APPROVED OUR BORROWING OF
THIRTY SIX BILLION YEN STOP ALL DOCUMENTS HAVE BEEN SIGNED BY
MR. OCHI FOR THE BANK OF JAPAN AND MR. ALDEWERELD FOR THE WORLD
BANK STOP THANK YOU AGAIN FOR YOUR COURTESIES, COOPERATION AND
ASSISTANCE STOP BEST REGARDS TEST 38267

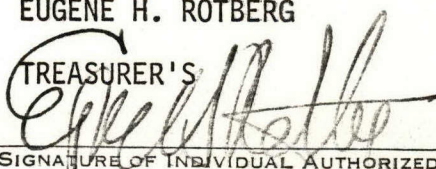
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

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

March 25, 1970

Dear Leon:

I thought you, Willie and Jack might be interested in the questions which were asked of the various participants on the Saturday panel at the Mutual Funds Conference in San Diego. It is only false modesty, as well as embarrassment for my nastiness, which prevents me from identifying which questions are mine.

Iris and I and the children are taking a short vacation for a week or 10 days. I will call you when I get back.

Best regards to everyone.

Sincerely,

Gene

Mr. Leon Levy
Oppenheimer and Company
Five Hanover Square
New York, N.Y. 10004

Questions asked at the Saturday Panel (Mutual Funds Conference)

BOGLE: How do you justify using brokerage from Fund A to sell shares of Fund B, assuming that these commissions are important assets for A to encourage sales and thereby prevent net redemptions or to provide further research?

Why is the rationale that Fund A shareholders can switch to Fund B relevant to those shareholders of Fund A who may wish to retain their investment in Fund A?

If the investment company industry prefers a volume discount to Rule 10 b (10) or institutional membership, why did they not ask for volume discount prior to 1968 and then only after the SEC put out a rule suggesting that give-ups go back to the Fund rather than to dealers.

What are the reasons why Wellington Management does not put back commissions to the funds it manages through the use of reciprocity on regional exchanges.

BOGLE:
(Contd)

If it is so important to have a strong central market, why do you permit crosses of Funds you manage to be brought to regional exchanges?

Since the proposed new rates for the NYSE are even lower than you think appropriate, will Wellington Management stop using dollars for Fund sales, through recip, in order that the executing firm can retain a decent profit.

BIRNBAUM:

If as you say there are institutions who may not wish to join exchanges because of the regulatory impact of certain rules, i.e., domination of market, purchasing on up ticks, etc., shouldn't you support institutional membership to achieve more regulatory control?

If a central auction market is desirable, would not institutional access increase the motivation to bring orders to a particular exchange? Is not the present system one which, if anything, causes orders to be taken off the NYSE in order to achieve somewhat more liberal commission benefits for the manager or the Fund?

Explain precisely how denial of institutional is helping to improve the central auction market and

BIRNBAUM:
(Cont'd)

how having fixed commissions on institutional orders is conducive to a strong central auction market.

MNUCHIN:

If a Fund Manager asked you to bring a cross to a Regional Exchange, would you distribute the commissions to the NASD affiliate/underwriter of the Fund.

Inasmuch as you are buying for your own account in block trading, is it not a fact that you are, in effect, negotiating rates?

As institutions control more resources and seek and use more sophisticated information on companies, how do you expect to find the opposite side of a cross? Is it reasonable to expect that under such circumstances a dealer, such as yourself, will be able to absorb substantial positions.

Will you explain precisely how the auction market has anything to do with a cross you negotiate in your office and bring to the floor for reporting?

MNUCHIN:
(Cont'd)

Why do you and other firms rush out to join the regional exchanges and bring orders there, if you are so interested in maintaining and increasing the central auction market?

If taking positions by dealers is so risky, why has your firm supported the new volume discount?

You state that central auction market is important to provide a pricing mechanism for individual orders around which the block is negotiated. Isn't that a fictitious way, perhaps the poorest way, to both price a portfolio and determine the price of liquidation? Why look to it as the best standard for measuring the price of a block?

NORTH:

Let us assume that a management company says it is in the best business judgment for a Fund to pay extra commissions through interpositioning in order to increase research sales. Do you suggest that such activity and defense is appropriate?

EISENBERG:

You say that in the Dreyfus Fund case the Commission stated that a Fund is "entitled" to the commissions derived from membership and therefore such recoupment is not valid consideration for settlement of a derivative suit. You say the Commission also stated that there is no obligation to join an Exchange. Please rationalize these two positions.

If there is no duty to join an exchange, but once you do the Fund is entitled to all the commissions, as a policy matter hasn't the Commission thereby encouraged Fund Managers not join exchanges (for the benefit of the Fund) since by not joining they can't get in trouble? After all, if they don't join they don't have to decide how much reciprocity shall be recouped, whether they should put their own man on the floor, whether they should engage in a regular brokerage business on behalf of the Fund, etc.

How much (what percentage) can a Fund Manager keep of the fixed minimum commission if it actually executes an order under Section 17 (e)?

EISENBERG: Is there any difference between directing give-ups to the NASD manager affiliate of a fund (and keeping such give-ups) from directing it to a dealer to sell the fund which increases the asset value and therefore the management fee? What is the rationale?

LOEFFLER: Are you now negotiating rates with members of the NYSE?

If there were "formal" negotiated rates, wouldn't you be afraid that shareholders of the fund would force you to use a 10% broker and not pay more to firms who performed a far better job in providing liquidity.



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

Chron.

March 25, 1970

The Honorable Mike Gravel
United States Senate
1251 New Senate Office Building
Washington, D.C. 20510

Dear Mike:

It was good seeing and talking to you on our recent 'plane flight. I am enclosing for your information an analysis of population growth and gross national product per capita of World Bank member countries. The disparities in the standards of living within relatively close geographical areas are most interesting. I am also enclosing a copy of the Peterson Report which makes recommendations to the President concerning the role of U.S. foreign aid. You may also be interested in Mr. McNamara's recent speech on where we are and what the problems are for the future.

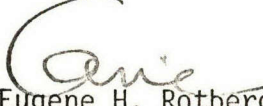
I am also getting together some materials on the use of telecommunications as a method of education -- particularly in non-urban areas where the population is not concentrated.

One other point. You might remember our discussion about how Governments have to set priorities, not only in terms of budgetary allocations but also in terms of where savings, in the hands of financial intermediaries, are best utilized. In this connection, I have noticed in the past few weeks references to tax and interest subsidies and flexible bank reserve requirements; these are clearly designed to provide direct or indirect incentives to encourage financial institutions such as pension funds, insurance companies, banks, etc. to invest a portion of their assets -- the residual financial savings of individuals -- in high priority infrastructure projects, specifically mortgages and municipal bonds. I hope that the competing priorities are evaluated carefully before the methods by which the savings are attracted are implemented.

Keep in touch when you have some time. I know you are busy so don't bother to acknowledge. Keep up the good fight.

Best regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Attachments



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

March 25, 1970

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United States Senate
1251 New Senate Office Building
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Best regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Attachments

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: MARCH 24, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. HITOSHI YUKAWA

OUR BOARD OF EXECUTIVE DIRECTORS HAS APPROVED OUR BORROWING OF
THIRTY SIX BILLION YEN STOP ALL DOCUMENTS HAVE BEEN SIGNED BY
MR. OCHI FOR THE BANK OF JAPAN AND MR. ALDEWERELD FOR THE WORLD
BANK STOP THANK YOU AGAIN FOR YOUR COURTESIES, COOPERATION AND
ASSISTANCE STOP BEST REGARDS TEST 38267

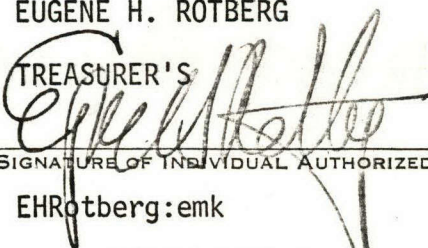
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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

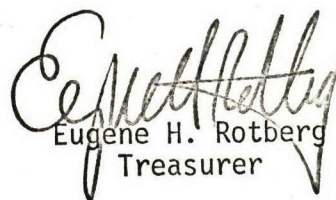
March 24, 1970

Mr. Charles A. Coombs
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Coombs:

I am sending you herewith a copy of the Resolution authorizing our recent borrowing (March issue) from The Bank of Japan of ¥36,000,000,000, together with a form of letter agreement between the World Bank and The Bank of Japan setting forth the terms and conditions of the proposed borrowing. These documents have been approved by our Board of Executive Directors.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosures: 2

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Portfolio Yields: March 17, 1970

DATE: March 23, 1970

Attached is the March 17, 1970 statement of our portfolio yields. The intermediate-term market yields continue to fall in the secondary market despite substantial financing by Government agencies in the two to five year area. Our recent 8-1/8% Central Bank issue is now yielding 7.58%; FNMA 8.70 (March 1972) 7.37%; FNMA 8.70 (June 1972) 7.55%; Federal Land Bank 8.35 (September 1972) 7.22%; Federal Land Bank 8.45 (July 1973) 7.31%. (These yields do not accurately reflect the yields of new issues which would probably have to be priced at about 7.85%). Time Deposit rates for one year are now 8-1/4%. We are likely to see more corporate financing in the three to five year maturities if the long-term rates remain high.

The increase in our average portfolio yields in recent weeks is caused primarily by a shift of our DM holdings from Treasury Bills to Time Deposits and negotiation of maturing Time Deposits before maturity date. We also committed funds for the purchase of medium-term agencies in early March for delivery on March 17 (the date of the receipt of our Central Bank funds).

Attachment

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: MARCH 23, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:ATTENTION MR. ~~OGATA~~ SHIJURO OGATA, FOREIGN DEPARTMENTWE PROPOSE RELEASING THE FOLLOWING PRESS RELEASE AFTER THREE P.M. WASHINGTON TIME TUESDAY
MARCH 24:

"1. THE BANK OF JAPAN AND THE WORLD BANK SIGNED AN AGREEMENT TODAY, MARCH 24, IN WASHINGTON, FOR THE LOAN TO THE WORLD BANK OF YEN 36,000,000,000 (U.S. \$100,000,000 EQUIVALENT). THIS LOAN, CARRYING INTEREST AT THE RATE OF 7.14 PER CENT PER ANNUM, WILL BE REPAID IN FIVE EQUAL INSTALLMENTS FROM MARCH 1973 TO MARCH 1975.

"2. THIS IS THE SECOND LOAN THAT THE BANK OF JAPAN HAS GRANTED TO THE WORLD BANK. THE FIRST, ALSO AMOUNTING TO YEN 36,000,000,000 WAS GRANTED IN FEBRUARY 1970. TODAY'S TRANSACTION THUS BRINGS TO THE EQUIVALENT OF U.S. \$200,000,000 THE AMOUNT OF FUNDS RECENTLY MADE AVAILABLE TO THE WORLD BANK BY THE BANK OF JAPAN.

"3. IN COMMENTING ON THE SECOND LOAN, ROBERT S. McNAMARA, PRESIDENT OF THE WORLD BANK, EXPRESSED HIS 'DEEP APPRECIATION TO THE BANK OF JAPAN AND THE GOVERNMENT OF JAPAN FOR PERMITTING THE WORLD BANK TO TAP A MAJOR NEW SOURCE OF FUNDS.'

"4. MR. McNAMARA ADDED: 'THE ACTION BY THE BANK OF JAPAN FURTHER INTERNATIONALIZES

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE:

CLASS OF
SERVICE:

COUNTRY:

TEXT:
Cable No.:

- 2 -

THE MARKET FOR WORLD BANK OBLIGATIONS, A DEVELOPMENT THAT IS OF PRIME IMPORTANCE
TO FUTURE FINANCING OF OUR ACTIVITIES. ONLY THROUGH THE BROADENING OF SOURCES OF
FUNDS AVAILABLE TO THE WORLD BANK, CAN IT INSURE A CONTINUING AND SUFFICIENT
SUPPLY OF FINANCING FOR ITS EXPANDING LOAN OPERATIONS. '" XXXX REGARDS

TEST

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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

March 20, 1970

Mr. David L. Ratner
Professor of Law
The Cornell Law School
Myron Taylor Hall
Ithaca, N. Y. 14850

Dear Dave:

Thanks for the article. I wish I had
written it.

Best regards,


Gene

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: MARCH 19, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. HITOSHI YUKAWA

RE YOUR CABLE BOJO6 WE PROPOSE TITLE FOR ANNEX I OF NEW LOAN AGREEMENT
TO READ AS FOLLOWS: 7.14% SERIAL OBLIGATION OF 1970 (MARCH ISSUE),
DUE BLANK STOP THE WORDS QUOTE MARCH ISSUE UNQUOTE PLACED IN PARENTHESES
WILL ALSO BE INSERTED IN THE TITLE OF THE ISSUE IN THE SECOND PARAGRAPH
OF ANNEX I STOP ANNEX II INTERIM CERTIFICATE WILL PROVIDE FOR EXCHANGE
INTO QUOTE SERIAL OBLIGATIONS OF 1970 (MARCH ISSUE), DUE 1973-1975
UNQUOTE STOP WE AGREE WITH YOUR DRAFT PRESS RELEASE AND ITS RELEASE
AFTER SIGNING AGREEMENT STOP WE AGREE TO DELIVER ALL DOCUMENTS AND
INTERIM CERTIFICATES TO MR. OCHI AFTER THE SIGNING OF DOCUMENTS
BEST REGARDS TEST 544

EUGENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER

NATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRortberg/TMcllyde:bb

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OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: MARCH 19, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. HITOSHI YUKAWA

RE YOUR TELEX BOJO5 OF MARCH 19 THIS WILL ADVISE THAT WE ARE IN
AGREEMENT WITH ITEMS ONE TWO THREE FOUR AND FIVE OF YOUR TELEX STOP
OUR AGREEMENT COMMA OF COURSE COMMA IS SUBJECT TO FORMAL APPROVAL
OF OUR BOARD OF EXECUTIVE DIRECTORS WHICH IS SCHEDULED FOR TUESDAY
MARCH 24 STOP BEST REGARDS

TEST 514-4

EUGENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:bb

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OUTGOING WIRE

TO: THE BANK OF JAPAN
ONE CHASE MANHATTAN PLAZA
NEW YORK, NEW YORK

DATE: MARCH 19, 1970

CLASS OF TELEX OR
SERVICE: FULL RATE

COUNTRY:

TEXT:

Cable No.: ATTENTION: MR. OCHI

CABLE ONE

THE FOLLOWING CABLES SENT TO JAPAN: ~~QUOTE~~ ATTENTION MR. HITOSHI YUKAWA
RE YOUR CABLE BOJO6 WE PROPOSE TITLE FOR ANNEX I OF NEW LOAN AGREEMENT
TO READ AS FOLLOWS: 7.14% SERIAL OBLIGATION OF 1970 (MARCH ISSUE), DUE
BLANK STOP THE WORDS QUOTE MARCH ISSUE UNQUOTE PLACED IN PARENTHESES WILL
ALSO BE INSERTED IN THE TITLE OF THE ISSUE IN THE SECOND PARAGRAPH OF ANNEX I
STOP ANNEX II INTERIM CERTIFICATE WILL PROVIDE FOR EXCHANGE INTO QUOTE
SERIAL OBLIGATIONS OF 1970 (MARCH ISSUE), DUE 1973-1975 UNQUOTE STOP WE
AGREE WITH YOUR DRAFT PRESS RELEASE AND ITS RELEASE AFTER SIGNING AGREEMENT
STOP WE AGREE TO DELIVER ALL DOCUMENTS AND INTERIM CERTIFICATES TO MR. OCHI
AFTER THE SIGNING OF DOCUMENTS BEST REGARDS END OF CABLE ONE
CABLE TWO ATTENTION MR. HITOSHI YUKAWA RE YOUR TELEX BOJO5 OF MARCH 19
THIS WILL ADVISE THAT WE ARE IN AGREEMENT WITH ITEMS ONE TWO THREE FOUR AND
FIVE OF YOUR TELEX STOP OUR AGREEMENT COMMA OF COURSE COMMA IS SUBJECT TO
FORMAL APPROVAL OF OUR BOARD OF EXECUTIVE DIRECTORS WHICH IS SCHEDULED
FOR TUESDAY MARCH 24 STOP BEST REGARDS END OF CABLE TWO

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
Rotberg:bb

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OUTGOING WIRE

TO: CREDITANSTALT-BANKVEREIN

DATE: MARCH 17, 1970

VIENNA

CLASS OF

(AUSTRIA)

SERVICE: TELEX 74793

COUNTRY:

TEXT:

Cable No.:

ATTENTION: DR. GUIDO NIKOLAUS SCHMIDT
UNDERWRITING DEPARTMENT

IF CONVENIENT TO YOU WE PROPOSE SENDING MR. WILHELMUS VAN SAAGSVELT
OF THE TREASURER'S DEPARTMENT AND MR. PAUL SZASZ OF LEGAL DEPARTMENT
TO BEGIN PREPARATION OF DOCUMENTS FOR PUBLIC OFFERING STOP PLEASE
ADVISE IF MONDAY APRIL 6 IS A SATISFACTORY DATE I HAVE RECONSIDERED
POSSIBILITY OF ESTABLISHING PURCHASE FUND DURING GRACE PERIOD AND
MESSRS. VAN SAAGSVELT AND SZASZ ARE PREPARED TO DISCUSS THIS POINT
WITH YOU STOP THANK YOU FOR THE COURTESY YOU HAVE SHOWN ME

EUGENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene H. Rotberg

DEPT. Treasurer's Department

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO: CREDITANSTALT-BANKVEREIN

DATE: MARCH 17, 1970

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AUTHORIZED BY:

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DEPT. Treasurer's Department

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Checked for Dispatch:

Chon

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 19, 1970

FROM: Eugene H. Rotberg SUBJECT: Japanese Borrowing

If we borrow \$100 million at a rate of 7.14% for an average life of four years and if we invest these funds for three years at 8%, our break-even point for the fourth year is 4.56%. If we invest the proceeds of the borrowing at 8.25% for three years, our break-even point for the fourth year's investment is 3.81%. This assumes, however, that \$100 million derived from the conservation of our dollars and possibly their increase over the short term, can be maintained in our portfolio for four years. We cannot argue that our borrowings from the Bundesbank, Central Bank issues, Japanese borrowings, etc. can be "covered" by investments which are contemporaneously made at higher yields, if our cash position will be substantially drawdown during the period of the debt servicing. Under such circumstances, our average yield might remain quite high, but the income derived from our diminished cash holdings will not cover the cost of the borrowing.

A stronger argument in support of the borrowing from Japan is the deterioration of our cash position, vis-a-vis our undisbursed loans and the projected deterioration of our cash position against anticipated yearly disbursements. I would also point out that if we were to borrow now in the U.S. the cost would be 8.90% and that the recent changes in the discount rate in Germany had raised the capital market rates to 8.25/8.40 etc.



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106		
Document Date 18 March, 1970	Document Type Letter			
Correspondents / Participants To: Franklin National Bank From: Eugene Rotberg				
Subject / Title Form 1099				
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 July 17, 2024</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024			



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106		
Document Date 18 March, 1970	Document Type Letter			
Correspondents / Participants To: The Bank of New York From: Eugene Rotberg				
Subject / Title Soo Line Railroad Co.				
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 July 17, 2024</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024			

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 17, 1970

FROM: Eugene H. Rotberg *eur*SUBJECT: Investments

Since March 1 through March 16, we have made investments of \$131 million - (excluding our purchases and sales of Treasury Bills). This includes the purchase of \$90 million of 5 different U.S. Government Agencies with an average maturity of 3-3/4 years to yield us about 8.0%. These have ranged from a low yield of 7.70 to a high yield of 8.11%. The balance of \$41 million was placed in time deposits of one year maturity with an average yield of 8.91%. Of the \$131 million total investments, approximately \$75 million can be "allocated" to new money, i.e. proceeds of Central Bank issue and loan receipts.

In addition, we have lengthened the maturities of our time deposits by cancelling \$69 million of deposits with remaining maturities from one to 5 months and substituted new deposits for one year at a lower average rate than the cancelled deposits. You may be interested in the attached "break even" calculation. If the non-Regulation Q rates are lower than the calculated break even rate on the maturity date specified, we will have made the correct decision; otherwise not. All major banks with the exception of Chase and Bank of America, have turned down our invitation to renegotiate a portion of our time deposits with them in the expectation that rates will be substantially lower. Under such circumstances, the "switch" rate would be so low as to be unattractive to us.

The capital market continues to deteriorate, but short-term money is becoming more available. Thus, yesterday, the non-Regulation Q rates for time deposits were 8-3/8%.

OFFICE MEMORANDUM

TO: Mr. Eugene H. Rotberg

FROM: Y. L. Chang

SUBJECT: Time Deposits

DATE: March 13, 1970

Following our discussion last week and as a result of my visit to New York, I have now concluded the following change-over:

The Chase Manhattan Bank

Current Deposits:

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Break-even Yield</u>
\$ 9,000,000	7 3/4% p.a.	April 10, 1970	9.253%
1,000,000	7 3/4% p.a.	May 8, 1970	9.39 %
6,000,000	7 3/4% p.a.	May 8, 1970	9.36 %
3,000,000	9 1/4% p.a.	July 16, 1970	9.065%
4,000,000	10% p.a.	August 27, 1970	8.47 %
<u>13,000,000</u>	<u>10% p.a.</u>	<u>August 27, 1970</u>	<u>8.59 %</u>

\$36,000,000

New Deposits:

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$10,000,000	9 1/8% p.a.	March 9, 1971
13,000,000	9 1/8% p.a.	April 12, 1971
13,000,000	9 1/8% p.a.	May 20, 1971

Bank of America NTSA

Current Deposits:

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Break-even Yield</u>
\$10,000,000	7 3/4% p.a.	April 10, 1970	8.823%
7,000,000	7 3/4% p.a.	May 8, 1970	8.90 %
6,000,000	8 5/8% p.a.	June 11, 1970	8.785%
<u>10,000,000</u>	<u>10% p.a.</u>	<u>August 27, 1970</u>	<u>7.80 %</u>

\$33,000,000

Mr. Eugene H. Rotberg

- 2 -

March 13, 1970

New Deposits:

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$10,000,000	8 3/4% p.a.	March 16, 1971
10,000,000	8 3/4% p.a.	March 31, 1971
13,000,000	8 3/4% p.a.	April 16, 1971

I have given under a separate column various rates indicating the break-even yield on each maturity. While I believe this change-over is attractive, it remains to be seen what the final result will bring. I may mention in passing that among the major banks with whom I made this proposition, only Chase and Bank of America accepted this arrangement. The other banks either quoted me a much lower rate or were not at all interested in this transaction explaining that their projection was the same as ours, namely, a lower rate to come to pass.

YLChang:ara



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

March 16, 1970

Mr. Jay M. Mintz
Vice President and
Assistant Secretary
Mitchum, Jones & Templeton
Incorporated
510 South Spring Street
Los Angeles, California 90013

Dear Jay:

Congratulations and best wishes on your election to your new post and responsibility. You must be very happy and I wish you many years of success - which I am sure you will attain.

Best regards,



Eugene H. Rotberg
Treasurer



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

March 16, 1970

Penn Center Apartments
19th & Kennedy Boulevard
13th Floor
Philadelphia, Pa.

Dear Mom and Dad:

It was good talking to you. Here are
the latest pictures with my new camera.
Thanks for all the gifts. Our tentative
plans are to come to Philly for Passover.
No more travelling for me for a while,
I hope.

Love,

Gene

Encls.(3)



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

March 16, 1970

Dr. & Mrs. Samuel Comens
335 Wedgewood Road
Bethlehem, Pa. 18017

Dear Folks:

Enclosed are some recent photos which were taken with my new camera. I have just come back from Austria after a 3-day trip. I hope that is all the travelling for a while. Barbie's new play is a smashing success and she is absolutely great. We are still leading a much too hectic social life and I hope that things calm down. At least we are looking forward to a nice, relaxing vacation - skiing in Vermont. We will go to Montreal however for a few days so I will be able to see Sylvia and Bonnie before I break my legs.

We saw a fine movie, "Z", though I suspect the movie was no better than the book or journalistic accounts of the story.

Iris is off for California to assist in a design for some basic experiments on day care, child development, etc. She'll be gone only for 3-1/2 days. Then, off to Canada and Vermont! Hope to see you soon before my next trip to God knows where. We are planning on a trip in the fall with the Gottesmans to Europe, - Yugoslavia and Greece.

Love,

A handwritten signature, likely "Gene", is written in cursive below the word "Love,".

Encls.(2)



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

March 16, 1970

The Evening Star
225 Virginia Ave., S.E.
Washington, D. C. 23005

Attention: Drama Critic

Sir:

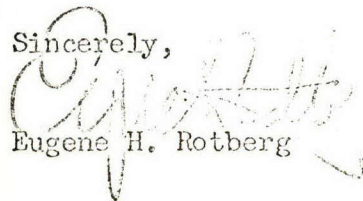
Was also sent to: The Washington Post
1515 L Street, N.W.
Washington, D. C.

The Washington Daily News
1013 - 13th St., N.W.
Washington, D. C.

I am writing this letter to bring to your attention the two current productions at the Theatre Lobby. I have noticed that you have reviewed their productions on several occasions and, in so doing, have advised the theatre-going public of their activities. I have recently seen a production of Sartre's "No Exit" and, on the same program, "Cowboys II" by Sam Shepard.

I **strongly** commend both plays to your attention - the latter perhaps only because the author's most recent play is opening this week at the Lincoln Center in New York. He is likely to become an important influence in the U.S. theatre. Nonetheless, I must confess that I personally did not like the play; it does not seem to measure up to "Operation Sidewinder," the new Lincoln Center production. The other play, Sartre's "No Exit" is superb, both in terms of its construction and in the complex portrayal of the three leads and their impact on each other. The acting is strong and the whole production is rather emotionally shattering. While I can appreciate that "No Exit" has been performed in Washington before, I suspect you will find that this production is most worthwhile. I understand that it will run three or four weeks more, having been extended because of word of mouth praise about its qualities.

Sincerely,


Eugene H. Rotberg

P.S. I must confess, as a matter of frankness, that I know, on a personal basis, one of the principals in the production. Nonetheless, I take this opportunity to indicate my bias and hope you can appreciate that I report this bias to you as indication of my confidence in the soundness of the play.



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

March 16, 1970

Miss Isabelle Goshgarian
Office of Personnel & Manpower
Department of State
Agency for International Development
Washington, D. C. 20523

Dear Miss Goshgarian:

I am attaching a qualifications appraisal for Elaine S. Pines. Miss Pines' mother worked for me as a secretary for many years and through that relationship I have come to know Miss Pines quite well. She has impressed me as a very responsible, bright, intelligent young lady. I am sure she will be a credit to AID. She is emotionally stable and, despite the death of her father, has been able to bear up in her academic work; she has always shown perserverance and general interest in what is going on about her. I have no hesitation in recommending her to you.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosure (1)

**AGENCY FOR INTERNATIONAL DEVELOPMENT
QUALIFICATIONS APPRAISAL - CLERICAL**

BUDGET BUREAU NO.
24-R029 6
Approval expires 11/30/70

(Information supplied will be held in confidence)

By: <u>Eloine S. Pines</u>		Proposed position <u>Clerical Stenographer</u>
By: <u>Eugene H. Rotherg</u>		AID representative <u>Toshella Goddard</u>
During what period have you known candidate?		From <u>1961</u> To <u>Present</u>
Your relationship to candidate: ☐ Her employer 19 to 19 ☐ Her supervisor 19 to 19		
☐ Her teacher 19 to 19 ☐ Her co-worker 19 to 19 ☒ Other: <u>Family friend</u> 19 <u>61</u> to 19 <u>70</u>		
How well did you know candidate? (Check each one applicable)		
☐ Close daily contact at work	☐ Frequent observation of work	☒ Social contact
☐ Infrequent observation of work		
Please place an "X" in the box next to each of the items below which in your judgment accurately applies to the candidate. In each group several may apply, or maybe none. Your explanatory comments will also be appreciated especially if the standard items seem inadequate.		

1. KNOWLEDGE, SKILLSSecretarial

- ☐ A very fast accurate typist
- ☐ Appearance of typed work sometimes poor
- ☐ A good typist
- ☐ Can take shorthand accurately at high speed
- ☐ Shorthand is accurate at ordinary speeds
- ☐ Rather weak in sentence structure
- ☐ Has good command of English
- ☐ Superior vocabulary
- ☐ Has pleasing voice, diction
- ☐ Better as a stenographer than secretary
- ☐ An outstanding secretary

If occupational specialty is written above line, complete items below:

- ☐ Limited knowledge
- ☐ Good knowledge
- ☐ Very superior knowledge
- ☐ Not known to me

2. WORK CHARACTERISTICS

Comment

- ☒ Exceptionally alert, clear thinker
- ☐ Easily rattled
- ☐ Judgment is generally good
- ☐ A high producer
- ☐ Works conscientiously with minimum supervision
- ☐ Somewhat lacking in initiative
- ☐ Learns new work quickly
- ☐ Objects to working for several men at once

3. ADAPTABILITY, STABILITY

Comment

- ☐ Exhibits enthusiasm socially and in work
- ☒ Is exceptionally stable emotionally
- ☐ Has at least average emotional stability
- ☐ Rather tense and emotional
- ☒ Has exhibited considerable self reliance
- ☐ Tends to be unreasonably impatient
- ☐ Works satisfactorily even under moderate pressure
- ☐ Is exceptionally sensitive to criticism or slight
- ☒ Exhibits considerable poise
- ☐ Well suited to cope with inconvenient living conditions

4. RELATIONS WITH OTHERS

Comment

- ☐ Has fairly good sense of humor
- ☒ Particularly gracious and accommodating
- ☒ Character and reputation are good
- ☐ Not sufficiently businesslike at work
- ☒ Exceptionally likeable
- ☐ Doesn't "wear" well
- ☒ Is a friendly person
- ☐ An excellent team worker
- ☐ Works well with supervisor
- ☒ Dress and grooming give good impression

Check ALL items which you believe describe candidate

OVER

5. FOREIGN INTEREST, SENSITIVITY

Comment

- ☐ Has good friends of other races
☐ Inclined to be a bit intolerant
☒ Would probably find other races, cultures interesting
☐ Exceptionally understanding of other's feelings, religions, misfortunes, etc.
☒ Basically a tolerant person

6. HEALTH

- ☐ Has a disability (Please comment)
☒ Displays at least average energy
☐ Rarely absent for emotional reasons
☐ Reportedly had a nervous breakdown
☐ Absence for health reasons is not excessive

7. ALCOHOL

- ☐ Sometimes drinks to excess
☐ Moderate social drinker
☐ Formerly drank a bit too much, but no longer does
☐ Does not drink
☐ Drinking may have interfered with work

8. THE FOLLOWING APPLY IF YOU WERE SUPERVISOR OR EMPLOYER:

- A. As an employee, she was
☐ Exceptionally successful
☐ Successful
☐ Fairly successful
☐ Not very successful } Please explain

B. Why did she leave your employ?

C. Would you rehire?
(If not, please explain)D. Period employed:
Her title:
Her salary:9. TO THE BEST OF YOUR KNOWLEDGE HAS CANDIDATE
EVER BEEN RELEASED OR FORCED TO RESIGN FROM
A POSITION? (IF SO, PLEASE EXPLAIN) No.10. TO SOME EXTENT ALL INDIVIDUALS POSSESS SOME VIRTUES AND SOME FAULTS. IN OUR PLANNING IT WOULD
BE VERY HELPFUL TO KNOW HER

A. Strongest attributes for our assignment: calm, efficient, responsible

B. Greatest shortcomings for our assignment:

11. IF YOU HAVE ANY BASIS FOR ANSWER, WHAT DO YOU BELIEVE REALLY MOTIVATES CANDIDATE TO TAKE A
FOREIGN ASSIGNMENT?

12. COMMENT

See attached letter.

Signature

Title

Organization

Date

OFFICE MEMORANDUM

TO: Mr. Emmett J. Rice

FROM: Eugene H. Rotberg *E. H. Rotberg*

SUBJECT: IBRD U.S. Dollar Investments

DATE: March 9, 1970

The attached table sets forth our U.S. dollar denominated holdings as of March 2, 1970 and their present maturities. Included in the obligations issued by the U.S. Government or U.S. Government agencies are securities issued by the Federal Land Bank, the Federal Intermediate Cooperative Bank, the Federal Home Loan Bank, the Federal National Mortgage Association (Debentures and Participation Certificates) the Export-Import Bank (Debentures and Participation Certificates) and the Farmers Home Administration.

The aggregate dollar amount of the securities listed in the attached table whose original maturity is in excess of one year is \$1,370,000,000.00.

Attachments (2) *copies
of table*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

US DOLLAR INVESTMENTS AND MATURITIES

As of March 2, 1970

MATURITIES

U.S. GOVERNMENT TREASURY BILLS

Million \$

Through June 1970
1st Quarter FY 1971

\$ 87.1
51.0
\$ 138.1

U.S. GOVT. NOTES AND U.S. GOVT. AGENCIES **

Million \$

Through June 1970
1st Quarter FY 1971
2nd Quarter FY 1971
3rd Quarter FY 1971
4th Quarter FY 1971

\$ 79.25
18.50
15.00
45.00
134.00
130.00
62.65
75.30
72.00
25.00 **
-
81.50
99.99
\$ 838.19

TIME DEPOSITS

Million \$

Through June 1970
1st Quarter FY 1971
2nd Quarter FY 1971
3rd Quarter FY 1971
4th Quarter FY 1971
1st Half FY 1972

\$ 214.50
182.50
177.00
86.50
32.00
7.50
\$ 700.00

** Including \$25,000,000 FNMA securities due Sept. 10, 1973,
to be delivered March 10.

File of Secret Memo of
Feb 28
or Chron.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Portfolio Yields: February 28, 1970

DATE: March 6, 1970

Attached are the portfolio yields as of February 28, 1970. Our recent investments of new funds in U.S. Agencies now yield us slightly less than our average portfolio yield. These yields, however, are higher than the yields of maturing agencies. As a result, the investment of new funds in agencies draw down our average yield while the investment in the same security increases our yield if it replaces a maturing agency.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 6, 1970

FROM: Eugene H. Rotberg

SUBJECT: Investments

Attached is a frequency distribution which breaks down our U.S. dollar investments (excluding Treasury Bills) as of December 12, 1969 and March 2, 1970. As you may observe there has been an increase in our average yields during this period and a lengthening of the maturities of our investments. For example, on December 12, about 2 1/2% of our time deposits matured in the third quarter of 1971 and none thereafter. As of March 2, about 18% of our time deposits mature in/or after that period. Our agency holdings have been similarly extended. In December 1969, even after considerable lengthening, we had slightly over 28% of our agency investments maturing in FY 73 or thereafter. We have increased that to almost 42% of our maturities for FY 73 and thereafter. In addition, we recently have made other investments of funds in the 2 to 5-year maturity with new funds coming in from now to April 1.

574 Nonetheless, our highest yields remain in time deposits of \$652 million to mature between now and December 31, 1970. Apart from our ability to sell agencies prior to their maturity to increase or decrease income in FY 1970 or 1971, the renegotiation and extension of time deposits would appear to be a feasible method of extending our investment income at or about present yields through FY 1971.



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

March 6, 1970

Mr. Irwin M. Stelzer
President
National Economic Research
Associates, Inc.
80 Broad Street
New York, N. Y. 10004

Dear Irwin:

Thank you for the "final result".
I had previously scrounged up two other copies
and already distributed them to students in
my law class. I will send you their critique.
Congratulations!

Sincerely,


Gene Rotberg

Chron

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

DATE: March 3, 1970

FROM: Edith M. Kesterton *Emk*SUBJECT: Future Movements

This is to advise that Mr. Rotberg's tentative travel plans are as follows:

- (1) He will leave for Vienna on March 9 and return to the Bank on March 16.



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

March 3, 1970

Mr. Robert H. Volk
President
Unionamerica
Figueroa at Fifth Street
Los Angeles, California 90017

Dear Bob:

It was good hearing from you. I have
given my recommendation that an invitation
be extended to the Union Bank for a repre-
sentative to attend our Annual Meetings.

I look forward to seeing you soon.
Please let me know when you will be in
Washington.

Sincerely,


Eugene H. Rotberg
Treasurer



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

March 3, 1970

Dear Irene:

I thought you might be interested
in this article.

Best regards,


Gene

Encl.

Miss Irene Lurie
Council of Economic Advisers
Executive Office of the President
Executive Office Building
17th & Pennsylvania Ave., N.W.
Washington, D.C.



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

Chron

March 3, 1970

Mr. Nelson McClung
Urban Institute
2100 M Street, N.W.
Washington, D.C.

Dear Nelson:

I thought you and Helen might be
interested in this article. It was
good seeing you on Sunday.

Best regards.

A handwritten signature in dark ink, appearing to read "Gene", is written above the printed name.

Gene Rotberg

Encl.

*Mr. Mc Namara's
speech*

Chion

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

Mr. Aldewereld

Siem:

You might remember that Iris expressed an interest in obtaining the studies which show some relationship between protein deficiency (in parents or children) and mental retardation of children. You thought that you might be able to obtain these studies. If possible, she would like to have the actual experimental design as well as the conclusions in order to determine whether the study was controlled for variables other than protein deficiency.

Thank you very much.

Gene R.
3/3/70





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

March 2, 1970

Mr. Donald L. Calvin
Vice President
New York Stock Exchange
11 Wall Street
New York, N.Y. 10005

Dear Don:

I received the study on NERA.
Both my students and I look forward to
reading it. Thank you again for your
help.

Sincerely,


Eugene H. Rotberg
Treasurer



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

Card & G.W.

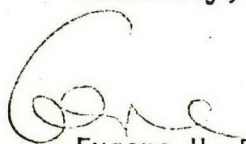
March 2, 1970

Mr. Donald L. Calvin
Vice President
New York Stock Exchange
11 Wall Street
New York, N.Y. 10005

Dear Don:

I received the study on NERA.
Both my students and I look forward to
reading it. Thank you again for your
help.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 2, 1970

FROM: Eugene H. Rotberg *EHR*SUBJECT: Underwriting Discounts

In my memorandum of February 19, I referred to the increased commission made available to salesmen to sell the Michigan Bell issue. I understand the question has been raised whether the Bank should consider increasing the discount to underwriters for its next issue. I have attached some articles from The Wall Street Journal which I believe reflect generally adverse comment on the decision by Michigan Bell. It might be noted that the increased commission to the dealers was at the expense of the public. One paper refers to the public yield as "shockingly low". Further, the discount was out of line with the normal spread on AAA issues and in a sense downgraded the quality of the issue. As one article put it, the increased commission was designed to offer the salesman a relatively high commission and "push [the] issue." Another article noted "It seems that if you double a guy's commission, you can triple the incentive for selling bonds." I suspect that the Bank would be criticized even more pointedly for this kind of merchandizing; it is likely that the financial press would make the point that the Bank felt it necessary to down-grade the quality of the bonds by appealing to the salesman in a manner which other first-class issuers do not find necessary - particularly if it was at the expense of the public.

If, however, it is determined that financial incentives are required to attract salesmen, beyond those normally offered for AAA issuers, it can be done in a more appropriate way. Our underwriting discount of 8.75 and our selected dealer discount of \$4.00 should remain approximately the same but the number of shares taken as underwriter by the Merrill Lynchs, Baches, Paine Webbers, Huttons, Shearson-Hammills, etc. could be increased. At the present time these firms receive relatively minor portions of the underwriting because of their ranking in the consortium; they are left therefore only with the selected dealer discount though they may end up actually selling the bulk of the issue - particularly if retail orders are required to assure a successful issue. The way to solve that problem is to request and assure that the managing underwriters allocate a larger portion of the underwriting to "retail" firms so that they can earn the full \$8.75 (the amount they received as selected dealers in the Michigan Bell issue).

Since November 5 there have been 11 AAA issues in the United States (excluding Federal agencies on which the discounts are even

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

March 2, 1970

smaller). The underwriting spreads were as follows:

<u>COMPANY</u>	<u>SPREAD</u>
Consumers Power Co.	1.079
Cleveland Elec. Illuminating Co.	.855
South Central Bell Tel. Co.	.919
Pacific Tel. & Tel. Co.	1.052
Ohio Bell Telephone Co.	.840
Commonwealth Edison Co. (5 year)	.690
Indiana Bell Telephone Co.	.920
Ford Motor Co.	.875
Ford Motor Co. (4 year +)	.600
Texas Power & Light	.875
Michigan Bell	1.406

Attachment

Wall St Journal 2/19/70

For Banks, Brokers and Dealers

TRADING MARKETS

in
Convertible
Debentures

TRADING DEPARTMENT

ALLEN & COMPANY
Established 1922

30 Broad Street, New York 10004

Telephone: HAnover 2-3944

Teletype: 212-571-1750-1-2

Tax-Exempts

Fort Worth Sells 2 Issues Of Bonds Totaling \$12,620,000

FORT WORTH—This city sold two separate issues totaling \$12,620,000 of various-improvement bonds.

A \$9,620,000 issue of various-purpose bonds was sold to a group led by Harris Trust & Savings Bank of Chicago and First National Bank in Dallas. Their bid of 100 for varying coupons set an annual net interest cost of 6.0110%. On the public reoffering, the bonds were priced to yield from 4.80% for the 1971 maturities to 6.50 for those due 1991-95.

Meanwhile a smaller, \$3 million issue of water and sewer revenue bonds was sold to underwriters led by First Boston Corp. on the bid of 100 for various coupons which set a yearly borrowing cost of 6.1420%. These bonds are being reoffered to investors at prices yielding from 4.90% for the 1971 securities to 6.60% for those due 1992-95.

Yesterday afternoon underwriters said that each issue was about 50% sold.

In its previous comparable sale, April 1968, the city sold \$8,475,000 of various-purpose bonds to a group led by Harris Trust & Savings Bank of Chicago. At that time the bid set an annual net interest cost of 4.1075%.

Wyandotte, Mich., Authority Sells Bonds on Second Try

WYANDOTTE, Mich.—In a successful second attempt, an \$18 million issue of Wyandotte Building Authority revenue bonds was down to tag ends after reaching yesterday's bond market.

In awarding the bonds, the authority accepted a 7.52193% net interest cost set by a First of Michigan Corp. successful bid of 100

Bond Markets

AT&T Unit's Offering Sells Out; Institutions Buy Late in Day

Prior Response to the \$150 Million
Of Debentures Was Moderate;
Retail Ordering Sparks Demand

By IVAN SILVERMAN
Staff Reporter of THE WALL STREET JOURNAL

NEW YORK — A \$150 million Bell System debt issue, which earlier had received a moderate response from investors after reaching the market Tuesday, sold out late yesterday afternoon on heavy institutional buying.

A sudden surge of orders from key institutional investors, accounting for as much as \$50 million of Michigan Bell Telephone Co.'s securities, reached the market after four o'clock yesterday, transforming the issue into a sales success.

Mutual funds and life insurance companies, along with the pension funds of certain municipal employees, placed orders for the American Telephone & Telegraph Co. unit's issue late in the day, traders reported. Prior to this flood, most of the sales were made to smaller investors, observers said.

The issue was priced after competitive bidding to yield 8.5% in 40 years, a return originally called "shockingly low" by some observers. Big-block buyers chose to wait on the sidelines at first. Yesterday's stampede developed only after the issue passed the half-sold mark, specialists said.

"It was almost predictable," one syndicate member said late yesterday. "Lots of retail orders built up. It seemed the issue might sell out by Friday or next week on the strength of small orders, so the institutions rushed in to make sure they got some of the bonds," he added.

The high commission offered salesmen for merchandising Michigan Bell's 8½% debentures played a part in the issue's sellout, some observers said. The commission was about twice that offered on previous Bell System offerings, they added.

"It seems that if you double a guy's commission, you can triple the incentive for selling bonds," one trader remarked.

In the tax-exempt market yesterday, a \$30 million issue of Minnesota's bonds, awarded through competitive bidding, found favor with a broad range of investors. The securities were nearly two-thirds sold by day's close, the underwriters said.

At the same time, prices on the Minnesota issue were somewhat higher than rates on certain outstanding tax-exempt issues. These older issues, therefore, suddenly seemed attractive after the Minnesota bidding. Yesterday morning, for example, about \$27 million of bonds were still unsold from a recent Connecticut bond package. By late afternoon, however, only about \$1 million of Connecticut bonds remained on dealer shelves.

Underwriters led by First National City Bank won the Minnesota issue on a bid of 100 with 60¢ premium.

Gulton Industries Adjourns Meeting But Hears Holders

Firm's Officials Remain Silent
At Off-the-Record Session
On Stock Plan and Lawsuit

By a WALL STREET JOURNAL Staff Reporter
NEW YORK — Gulton Industries Inc. adjourned its special meeting and held an informal off-the-record session yesterday to stockholder opinion on a proposed transaction.

A reporter for The Wall Street Journal given the choice of not reporting the remarks or leaving the session, elected to leave the room.

Robert L. Pelz, chairman of Gulton's executive committee and secretary, said the special meeting was adjourned, as expected, to permit the electronics company to issue additional material about its plan to acquire 650,000 of own shares from Nytronics Inc., another electronics concern. Gulton also is preparing information

New Issues

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6%

Dated March 1, 1970.
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Month

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Note: Gulf States is rated AA

Wall St Journal
2/20/70

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Delta P Inc. Registers Stock

WASHINGTON -- A proposed 217,332-share public offering of Delta P Inc. common stock was registered with the Securities and Exchange Commission.

The Dallas maker of noise and air pollution control products will offer 190,000 shares to augment its working capital. Selling stockholders will offer the remaining 27,332 shares. There are currently 1,939,291 shares outstanding.

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HOUSTON -- Big Three Industrial Gas & Equipment Co. said it plans a \$25 million public offering of convertible debentures.

The concern's board also proposed an increase in authorized capital shares to 10 million from four million, plus a name change to Big Three Industries Inc. Directors didn't disclose their reasons for the two recommendations, which must be approved by stockholders at the annual meeting April 3.

Money Rates

NEW YORK -- Bankers acceptance rates quoted by one dealer: One to 180 days, 8 1/2% to 8 3/4%.

Federal funds in an open market: Day's high 9 1/2%; low 8 3/4%. Closing bid 9%; offered 9 1/4%.

Call money lent brokers on stock exchange collateral by New York City banks, 8 1/2% to 9%; by banks outside New York City, 8 3/4% to 9%.

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Commercial paper placed directly by a major finance company was: 30 to 60 days, 8 1/2%; 60 to 120 days, 8 3/4%; 180 to 270 days, 8 1/2%.

Commercial paper sold through dealers: 30

in New York Stock Exchange trading yesterday.

Gulf States' debt issue went to underwriters led by First Boston Corp., Salomon Brothers & Hutzler and Eastman Dillon, Union Securities & Co. The dealer syndicate bid \$5.730 with an 8 1/4% coupon for the bonds and then reoffered them at a price of 101.030, setting the yield at 8.40% in 2000.

In mid-December, Southwestern Electric Power Co.'s similarly rated \$35 million issue of 9% bonds reached the market yielding 8.95% at maturity in 30 years, indicating that bond yields have plunged about 0.55 percentage point over the past two months.

The driving forces behind the drop in yields include a host of predictions by economists and Government officials about a slowdown in the economy's inflationary growth; concomitant suggestions of credit-easing by Federal monetary officials; plus some statistics hinting that the demand for funds to finance corporate growth might begin to decline. A recent rise in the unemployment rate, for example, could indicate an economic downturn, analysts said.

Several major, capital-rich bond houses that have played conspicuous roles in the corporate securities market during the past two months were in the vanguard again yesterday of the Gulf States bidding. Salomon Brothers & Hutzler, a co-manager of the group that won Gulf States' \$30 million bonds, has managed or co-managed almost 72% of syndicates winning this year's competitive corporate issues.

First Boston Corp., another Gulf States co-manager, has a managerial rate of about 61.3%.

The bidding strategy for the Gulf States bond issue seemed to duplicate the gambit employed in bidding for Michigan Bell Telephone Co.'s \$150 million issue, taken earlier this week by a group including both Salomon Brothers and First Boston. In both cases, underwriters pushed prices beyond the current levels, while taking a large "spread" or profit per bond.

The profit per bond on high-grade issues generally has been about \$9 or \$10, analysts indicated. On yesterday's issue, however, the gross profit will be about \$13 per \$1,000 of security if the issue sells out, slightly below the \$14 per \$1,000 face value on Michigan Bell's issue.

In both cases, the expanded profit allowed underwriters to offer salesmen a relatively high sales commission, thereby increasing the sales incentive.

"Of course, we want salesmen to push these issues," one member of the winning syndicate said yesterday.

The syndicate's tactics worked perfectly on the Michigan Bell issue. The American Telephone & Telegraph Co. unit's securities were all sold within two days, and yesterday the Detroit utility's 8 3/4% debentures were quoted by some dealers at a slight premium above the offering price of 101.417, observers reported.

Some securities specialists also have been encouraged recently by the price strength of older utility and industrial issues. When prices on new issues are pushed higher, quotes of seasoned securities often decline, as dealers protect themselves by reducing holdings of older bonds.

During the past several sessions, however, prices of older issues have been moving higher in harmony with rates on the new securities. Yesterday, most seasoned utility bonds gained 1/4 to 1/2 point, bringing average yields to

"I know of one key bank that was keeping its inventory at a minimum earlier this year," one trader said. "Well, they've begun to build up their position in anticipation of a continued price rise," he added.

In yesterday's key corporate sale, Gulf States paid an 8.52 annual interest cost for its debt borrowing. The utility raised an indicated \$30 million through this financing, in addition to the \$23,217,000 raised by selling stock. Proceeds will be used to pay a portion of short-term debt outstanding. Gulf States has about 23.5 million shares of common stock outstanding.

Government issues generally showed small gains in light trading activity, specialists said. The key 4 1/2% bonds of 1957-92 moved 3-16 point higher, closing at 73 bid, 73 1/2 asked, where an investor's return is 6.53.

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LONDON -- The Province of Quebec's \$15 million offering of 15-year 9% sinking fund debentures reached the European capital market yesterday at 100, through underwriters led by White, Weld & Co., Credit Lyonnais, Kredietbank S.A. Luxembourg, Nesbitt, Thomson Ltd., J. L. Levesque & L. G. Beaubien Ltd. and A. B. Ames & Co.

Application is being made to list the debentures on the Luxembourg Stock Exchange.

This announcement is neither an offer to sell these securities. The offer is made

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GULF STATES INDUSTRIAL

Common

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Copies of the Prospectus may be obtained only in those states in which the underwriter is in compliance with the securities laws

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Dreyfus & Co. First California Corp.

Irving Lundberg & Co. Piper, Jaff

W. H. Jones & Co. Inc.

Wall St Journal - 2/18/70

Bond Markets

Michigan Bell Issue Is Priced to Return Less Than Anticipated

**Syndicate Reoffers Securities
To Yield 8.50% at Maturity;
Most Buyers Are Individuals**

By IVAN SILVERMAN

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK—A \$150 million issue of Bell System securities was priced aggressively after competitive bidding yesterday to offer investors 8.50% at maturity, a lower yield than generally anticipated earlier this week.

On Monday, for example, financing specialists guessed that Michigan Bell Telephone Co.'s debentures would be priced to yield 8.55% or more. In yesterday's auction, however, underwriters led by First Boston Corp. bid 100.011 with an 8½% coupon for the American Telephone & Telegraph Co. unit's issue. The reoffering price was 101.417, setting a yield of 8.50% at maturing in 2010.

Key institutional buyers remained on the sidelines yesterday, while smaller investors placed numerous orders for the 8½s, sources reported. Some observers guessed the issue was about one-third sold by day's close, although an accurate tally of retail sales wasn't available, the syndicate leaders said.

"I don't think anyone was expecting a first-day sell-out," one underwriter said. "There'll be a real marketing push on this issue, with second and third-day sales figures determining whether we've got a turkey or a winner," he added.

The winning group's pricing of the Bell System securities created a stir on Wall Street. The underwriters originally had planned to reoffer the bonds with an 8.55% yield, taking about a \$9 "spread" or gross profit for each

bond. In a last minute revision, however, the group decided to increase the spread to about \$14 per \$1,000 bond, while dropping the yield to 8.50%, sources within the group said.

By increasing the per-bond profit, the underwriters were able to magnify the sales commission. The so-called "selling concession" on the Michigan Bell securities was about \$8.75 a bond. As a salesman's commission generally is between one-quarter and one-third of the concession, the commission on a 10-bond sale yesterday was something between \$22 and about \$27. This is sharply higher than the standard incentive for selling top-grade debt securities, and just about double what a salesman earned for selling bonds in the previous AT&T offering.

Such sweeteners were expected to prove important yesterday, since retail sales to small investors were expected to be the key to the issue's overall reception, sources said. Some bidders expected a strong first-day sales response by individuals, followed by heavy institutional buying, sources said.

In addition, the \$14-a-bond profit provided a relatively wide margin of safety for underwriters. Michigan Bell's securities carried the top-grade, triple-A rating borne by senior securities of Bell System units, and the spread on

such blue-ribbon issues is generally under \$10, specialists said. With a \$14 margin of safety, underwriters have unusually large risk protection on the issue. Should the winning syndicate be terminated suddenly, and should the price of Michigan Bell's debentures drop to a point where the yield is up to 8.60%, the dealers could still earn profits on their sales, one observer said.

Some members of the group said they would have preferred a strategy that would have limited the potential profit on a bond, while bringing the yield closer to going market levels. At 8.55%, some institutions might have placed orders for the Bell securities, a few observers said.

"I'd rather have a sell-out and \$9 per bond in the bank than a cliff-hanger with, maybe, \$14," one underwriter said.

Nonetheless, almost all the underwriters willing to bid at the 8.55% level remained in the syndicate for the riskier 8.50%, sources said.

The only other group to compete for the issue, underwriters led by Morgan Stanley & Co., planned to reoffer the bonds to yield 8.60% at maturity. This runner-up bid would have placed an 8.67% annual cost on the borrowing; the winning group's terms established an

8.621% loan rate.

This borrowing fee was the best offered to a Bell unit in about three months. On the last AT&T sale, Indiana Bell Telephone Co. paid 8.55% to borrow an indicated \$50 million. In December, Pacific Telephone & Telegraph Co. paid about 8.2% to borrow an indicated \$150 million, the highest borrowing costs ever paid by a Bell System unit on a sale of long-term securities. Last November, however, AT&T's South Central subsidiary paid 8.55% on its borrowing, about 0.03 percentage point under yesterday's rate.

Michigan Bell's securities offered investors five years protection from early refunding. In addition, following a pattern established over the past few AT&T sales, the first call price was relatively high, providing further protection against an early redemption by the Detroit utility, specialists said.

Sparks created by the Michigan Bell pricing fired interest in Texas Power & Light Co.'s \$5 million of 8½% securities. The Texas issue originally marketed last week and less than a third sold yesterday morning, was all sold by late afternoon, traders said. The triple-A Texas securities, with an 8.55% yield, suddenly seemed attractive when compared to the 8.50% on Michigan Bell's debentures, underwriter

These Debentures were offered and sold outside the United States. This advertisement appears as a matter of record only.

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*Unconditionally Guaranteed as to payment of principal, premium, if any,
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OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 2, 1970

FROM: Eugene H. Rotberg

SUBJECT: Underwriting Discounts

In my memorandum of February 19, I referred to the increased commission made available to salesmen to sell the Michigan Bell issue. I understand the question has been raised whether the Bank should consider increasing the discount to underwriters for its next issue. I have attached some articles from The Wall Street Journal which I believe reflect generally adverse comment on the decision by Michigan Bell. It might be noted that the increased commission to the dealers was at the expense of the public. One paper refers to the public yield as "shockingly low". Further, the discount was out of line with the normal spread on AAA issues and in a sense downgraded the quality of the issue. As one article put it, the increased commission was designed to offer the salesman a relatively high commission and "push [the] issue." Another article noted "It seems that if you double a guy's commission, you can triple the incentive for selling bonds." I suspect that the Bank would be criticized even more pointedly for this kind of merchandizing; it is likely that the financial press would make the point that the Bank felt it necessary to down-grade the quality of the bonds by appealing to the salesman in a manner which other first-class issuers do not find necessary - particularly if it was at the expense of the public.

If, however, it is determined that financial incentives are required to attract salesmen, beyond those normally offered for AAA issuers, it can be done in a more appropriate way. Our underwriting discount of 8.75 and our selected dealer discount of \$4.00 should remain approximately the same but the number of shares taken as underwriter by the Merrill Lynchs, Baches, Paine Webbers, Huttons, Shearson-Hammills, etc. could be increased. At the present time these firms receive relatively minor portions of the underwriting because of their ranking in the consortium; they are left therefore only with the selected dealer discount though they may end up actually selling the bulk of the issue - particularly if retail orders are required to assure a successful issue. The way to solve that problem is to request and assure that the managing underwriters allocate a larger portion of the underwriting to "retail" firms so that they can earn the full \$8.75 (the amount they received as selected dealers in the Michigan Bell issue).

Since November 5 there have been 11 AAA issues in the United States (excluding Federal agencies on which the discounts are even

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

March 2, 1970

smaller). The underwriting spreads were as follows:

<u>COMPANY</u>	<u>SPREAD</u>
Consumers Power Co.	1.079
Cleveland Elec. Illuminating Co.	.855
South Central Bell Tel. Co.	.919
Pacific Tel. & Tel. Co.	1.052
Ohio Bell Telephone Co.	.840
Commonwealth Edison Co. (5 year)	.690
Indiana Bell Telephone Co.	.920
Ford Motor Co.	.875
Ford Motor Co. (4 year +)	.600
Texas Power & Light	.875
Michigan Bell	1.406

Attachment

Wall St Journal 2/19/70

For Banks, Brokers and Dealers

TRADING MARKETS

in
Convertible
Debentures

TRADING DEPARTMENT

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Established 1922

30 Broad Street, New York 10004

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Teletype: 212-571-1750-1-2

Tax-Exempts

Fort Worth Sells 2 Issues Of Bonds Totaling \$12,620,000

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NO
GULF STATES

DATA INSTANT

Common

Price: \$10.00

Copies of the Prospectus may be obtained only in those states in which the underwriter is registered in compliance with the securities laws.

Mitchum, Jones & Co.
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Dreyfus & Co. First California Corp.

Irving Landberg & Co. Piper, Jaffray &

Oppenheimer & Co. Inc.

Wall St Journal - 2/18/70

Bond Markets

Michigan Bell Issue Is Priced to Return Less Than Anticipated

**Syndicate Reoffers Securities
To Yield 8.50% at Maturity;
Most Buyers Are Individuals**

By IVAN SHAWKMAN
Staff Reporter of THE WALL STREET JOURNAL.
NEW YORK—A \$150 million issue of Bell System securities was priced aggressively after competitive bidding yesterday to offer investors 8.50% at maturity, a lower yield than generally anticipated earlier this week.

On Monday, for example, financing specialists guessed that Michigan Bell Telephone Co.'s debentures would be priced to yield 8.55% or more. In yesterday's auction, however, underwriters led by First Boston Corp. bid 100.011 with an 8 1/2% coupon for the American Telephone & Telegraph Co. unit's issue. The reoffering price was 101.417, setting a yield of 8.50% at maturing in 1980.

Key institutional buyers remained on the sidelines yesterday, while smaller investors placed numerous orders for the 3 1/2%, sources reported. Some observers guessed the issue was about one-third sold by day's close, although an accurate tally of retail sales wasn't available, the syndicate leaders said.

"I don't think anyone was expecting a first-day sell-out," one underwriter said. "There'll be a real marketing push on this issue, with second and third-day sales figures determining whether we've got a turkey or a winner," he added.

The winning group's pricing of the Bell System securities created a stir on Wall Street. The underwriters originally had planned to reoffer the bonds with an 8.55% yield, taking about a \$9 "spread" or gross profit for each

bond. In a last minute revision, however, the group decided to increase the spread to about \$14 per \$1,000 bond, while dropping the yield to 8.50%, sources within the group said.

By increasing the per-bond profit, the underwriters were able to magnify the sales commission. The so-called "selling concession" on the Michigan Bell securities was about \$8.75 a bond. As a salesman's commission generally is between one-quarter and one-third of the concession, the commission on a 10-bond sale yesterday was something between \$22 and about \$27. This is sharply higher than the standard incentive for selling top-grade debt securities, and just about double what a salesman earned for selling bonds in the previous AT&T offering.

Such sweeteners were expected to prove important yesterday, since retail sales to small investors were expected to be the key to the issue's overall reception, sources said. Some bidders expected a strong first-day sales response by individuals, followed by heavy institutional buying, sources said.

In addition, the \$14-a-bond profit provided a relatively wide margin of safety for underwriters. Michigan Bell's securities carried the top-grade, triple-A rating borne by senior securities of Bell System units, and the spread on

such blue-ribbon issues is generally under \$10, specialists said. With a \$14 margin of safety, underwriters have unusually large risk protection on the issue. Should the winning syndicate be terminated suddenly, and should the price of Michigan Bell's debentures drop to a point where the yield is up to 8.60%, the dealers could still earn profits on their sales, one observer said.

Some members of the group said they would have preferred a strategy that would have limited the potential profit on a bond, while bringing the yield closer to going market levels. At 8.55%, some institutions might have placed orders for the Bell securities, a few observers said.

"I'd rather have a sell-out and \$9 per bond in the bank than a cliff-hanger with, maybe, \$14," one underwriter said.

Nonetheless, almost all the underwriters willing to bid at the 8.55% level remained in the syndicate for the riskier 8.50%, sources said.

The only other group to compete for the issue, underwriters led by Morgan Stanley & Co., planned to reoffer the bonds to yield 8.60% at maturity. This runner-up bid would have placed an 8.67% annual cost on the borrowing; the winning group's terms established an

8.62% loan rate.

This borrowing fee was the best offered to a Bell unit in about three months. On the last AT&T sale, Indiana Bell Telephone Co. paid 8.58% to borrow an indicated \$50 million. In December, Pacific Telephone & Telegraph Co. paid about 9.2% to borrow an indicated \$100 million, the highest borrowing costs ever paid by a Bell System unit on a sale of long-term securities. Last November, however, AT&T's South Central subsidiary paid 8.55% on its borrowing, about 0.60 percentage point under yesterday's rate.

Michigan Bell's securities offered investors five years protection from early refunding. In addition, following a pattern established over the past few AT&T sales, the first call price was relatively high, providing further protection against an early redemption by the Detroit utility, specialists said.

Sparks created by the Michigan Bell bidding fired interest in Texas Power & Light Co.'s \$5 million of 8 1/2% securities. The Texas issue originally marketed last week and less than a third sold yesterday morning, was all sold by late afternoon, traders said. The triple-A Texas securities, with an 8.55% yield, suddenly seemed attractive when compared to the 8.50% on Michigan Bell's debentures, underwriters

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\$20,000,000

Continental Telephone International
Finance Corporation

9% Guaranteed Debentures Due 1982

Unconditionally guaranteed as to payment of principal, premium, if any,
interest and sinking fund by

Continental Telephone Corporation

Business

Chron.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: March 2, 1970

FROM: Eugene H. Rotberg

SUBJECT: Underwriting Discounts

In my memorandum of February 19, I referred to the increased commission made available to salesmen to sell the Michigan Bell issue. I understand the question has been raised whether the Bank should consider increasing the discount to underwriters for its next issue. I have attached some articles from The Wall Street Journal which I believe reflect generally adverse comment on the decision by Michigan Bell. It might be noted that the increased commission to the dealers was at the expense of the public. One paper refers to the public yield as "shockingly low". Further, the discount was out of line with the normal spread on AAA issues and in a sense downgraded the quality of the issue. As one article put it, the increased commission was designed to offer the salesman a relatively high commission and "push [the] issue." Another article noted "It seems that if you double a guy's commission, you can triple the incentive for selling bonds." I suspect that the Bank would be criticized even more pointedly for this kind of merchandizing; it is likely that the financial press would make the point that the Bank felt it necessary to down-grade the quality of the bonds by appealing to the salesman in a manner which other first-class issuers do not find necessary - particularly if it was at the expense of the public.

If, however, it is determined that financial incentives are required to attract salesmen, beyond those normally offered for AAA issuers, it can be done in a more appropriate way. Our underwriting discount of 8.75 and our selected dealer discount of \$4.00 should remain approximately the same but the number of shares taken as underwriter by the Merrill Lynchs, Baches, Paine Webbers, Huttons, Shearson-Hammills, etc. could be increased. At the present time these firms receive relatively minor portions of the underwriting because of their ranking in the consortium; they are left therefore only with the selected dealer discount though they may end up actually selling the bulk of the issue - particularly if retail orders are required to assure a successful issue. The way to solve that problem is to request and assure that the managing underwriters allocate a larger portion of the underwriting to "retail" firms so that they can earn the full \$8.75 (the amount they received as selected dealers in the Michigan Bell issue).

Since November 5 there have been 11 AAA issues in the United States (excluding Federal agencies on which the discounts are even

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

March 2, 1970

smaller). The underwriting spreads were as follows:

<u>COMPANY</u>	<u>SPREAD</u>
Consumers Power Co.	1.079
Cleveland Elec. Illuminating Co.	.855
South Central Bell Tel. Co.	.919
Pacific Tel. & Tel. Co.	1.052
Ohio Bell Telephone Co.	.840
Commonwealth Edison Co. (5 year)	.690
Indiana Bell Telephone Co.	.920
Ford Motor Co.	.875
Ford Motor Co. (4 year +)	.600
Texas Power & Light	.875
Michigan Bell	1.406

Attachment

Wall St Journal 2/19/70

For Banks, Brokers and Dealers

TRADING MARKETS

in

Convertible Debentures

TRADING DEPARTMENT

ALLEN & COMPANY
Established 1922

30 Broad Street, New York 10004

Telephone: HAnover 2-3944

Teletype: 212-571-1750-1-2

Tax-Exempts

Fort Worth Sells 2 Issues Of Bonds Totaling \$12,620,000

FORT WORTH—This city sold two separate issues totaling \$12,620,000 of various-improvement bonds.

A \$9,620,000 issue of various-purpose bonds was sold to a group led by Harris Trust & Savings Bank of Chicago and First National Bank in Dallas. Their bid of 100 for varying coupons set an annual net interest cost of 6.0110%. On the public reoffering, the bonds were priced to yield from 4.80% for the 1971 maturities to 6.50 for those due 1991-95.

Meanwhile a smaller, \$3 million issue of water and sewer revenue bonds was sold to underwriters led by First Eastern Corp. on the bid of 100 for various coupons which set a yearly borrowing cost of 6.1420%. These bonds are being reoffered to investors at prices yielding from 4.90% for the 1971 securities to 6.30% for those due 1992-95.

Yesterday afternoon underwriters said that each issue was about 50% sold.

In its previous comparable sale, April 1968, the city sold \$8,475,000 of various-purpose bonds to a group led by Harris Trust & Savings Bank of Chicago. At that time the bid set an annual net interest cost of 4.1075%.

Wyandotte, Mich., Authority Sells Bonds on Second Try

WYANDOTTE, Mich.—In a successful second attempt, an \$18 million issue of Wyandotte Building Authority revenue bonds was down to tag ends after reaching yesterday's bond market.

In awarding the bonds, the authority accepted a 7.52133% net interest cost set by a First of Michigan Corp. successful bid of 100

Bond Markets

AT&T Unit's Offering Sells Out; Institutions Buy Late in Day

Prior Response to the \$150 Million
Of Debentures Was Moderate;
Retail Ordering Sparks Demand

By IVAN SILVERMAN

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK — A \$150 million Bell System debt issue, which earlier had received a moderate response from investors after reaching the market Tuesday, sold out late yesterday afternoon on heavy institutional buying.

A sudden surge of orders from key institutional investors, accounting for as much as \$50 million of Michigan Bell Telephone Co.'s securities, reached the market after four o'clock yesterday, transforming the issue into a sales success.

Mutual funds and life insurance companies, along with the pension funds of certain municipal employees, placed orders for the American Telephone & Telegraph Co. unit's issue late in the day, traders reported. Prior to this flood, most of the sales were made to smaller investors, observers said.

The issue was priced after competitive bidding to yield 8.5% in 40 years, a return originally called "shockingly low" by some observers. Big-block buyers chose to wait on the sidelines at first. Yesterday's stampede developed only after the issue passed the half-sold mark, specialists said.

"It was almost predictable," one syndicate member said late yesterday. "Lots of retail orders built up. It seemed the issue might sell out by Friday or next week on the strength of small orders, so the institutions rushed in to make sure they got some of the bonds," he added.

The high commission offered salesmen for merchandising Michigan Bell's 8½% debentures played a part in the issue's sellout, some observers said. The commission was about twice that offered on previous Bell System offerings, they added.

"It seems that if you double a guy's commission, you can triple the incentive for selling bonds," one trader remarked.

In the tax-exempt market yesterday, a \$50 million issue of Minnesota's bonds, awarded through competitive bidding, found favor with a broad range of investors. The securities were nearly two-thirds sold by day's close, the underwriters said.

At the same time, prices on the Minnesota issue were somewhat higher than rates on certain outstanding tax-exempt issues. These older issues, therefore, suddenly seemed attractive after the Minnesota bidding. Yesterday morning, for example, about \$27 million of bonds were still unsold from a recent Connecticut bond package. By late afternoon, however, only about \$1 million of Connecticut bonds remained on dealer shelves.

Underwriters led by First National City Bank won the Minnesota issue on a bid of 100

Gulton Industries Adjourns Meeting But Hears Holders

Firm's Officials Remain Silent
At Off-the-Record Session
On Stock Plan and Lawsuit

By a WALL STREET JOURNAL Staff Reporter

NEW YORK — Gulton Industries Inc. adjourned its special meeting and held an informal off-the-record session yesterday to stockholder opinion on a proposed transaction.

A reporter for The Wall Street Journal given the choice of not reporting the remarks or leaving the session, elected to leave the room.

Robert L. Pelz, chairman of Gulton's executive committee and secretary, said the special meeting was adjourned, as expected, to permit the electronics company to issue additional material about its plan to acquire \$50,000 of own shares from Nytronics Inc., another electronics concern. Gulton also is preparing in-

New Issues

St

6%

Dated March 1, 1970.
and September
The first
Month

Interest Exempt

Eligible, in our
in New

These Bonds, issued
counsel are
faith

Note: Gulf States is noted AA

Wall St Journal
2/20/70

A group headed by J. Barth & Co. and Salomon Brothers & Hutzler handled the sale.

Della P Inc. Registers Stock

WASHINGTON -- A proposed 217,332 share public offering of Della P Inc. common stock was registered with the Securities and Exchange Commission.

The Dallas maker of noise and air pollution control products will offer 190,000 shares to augment its working capital. Selling stockholders will offer the remaining 27,332 shares. There are currently 1,999,291 shares outstanding.

United Merchants Overseas

NEW YORK -- United Merchants Overseas Capital Corp. offered \$15 million of 9% sinking-fund debentures in the European public market at a price of 92, to yield 9.14% at maturity in 12 years, a spokesman said.

Duquesne Light Filing

PITTSBURGH -- Duquesne Light Co. said it registered with the Securities and Exchange Commission a proposed dual public offering of \$30 million of 30-year first mortgage bonds plus 701,382 common shares for sale through underwriters led by First Boston Corp.

Walter Kidde Unit Plans Issue

NEW YORK -- U.S. Lines Inc., a Walter Kidde & Co. subsidiary, said it plans a \$22 million public offering of bonds, due 1991, through underwriters led by Goldman, Sachs & Co.

American Photocopy Filing

EVANSTON, Ill. -- American Photocopy Equipment Co. said it registered with the Securities and Exchange Commission a planned 800,000 share public offering of common stock.

Big Three Industrial Gas

HOUSTON -- Big Three Industrial Gas & Equipment Co. said it plans a \$25 million public offering of convertible debentures.

The concern's board also proposed an increase in authorized capital shares to 10 million from four million, plus a name change to Big Three Industries Inc. Directors didn't disclose their reasons for the two recommendations, which must be approved by stockholders at the annual meeting April 3.

Money Rates

NEW YORK -- Bankers acceptance rates quoted by one dealer: One to 150 days, 8 1/4% to 8 1/2%.

Federal funds in an open market: Day's high 9 1/2%; low 8 3/4%. Closing bid 9%; offered 9 1/4%.

Call money lent brokers on stock exchange collateral by New York City banks, 8 1/2% to 9%; by banks outside New York City, 8 3/4% to 9%.

Call money lent on Governments to dealers by New York City banks, 10%; to brokers by New York City banks, 8 3/4% to 9%; to brokers by banks outside New York City, 8 1/2% to 9%.

Commercial paper placed directly by a major finance company was: 30 to 60 days, 8 1/4%; 60 to 120 days, 8 1/2%; 180 to 270 days, 8 3/4%. Commercial paper sold through dealers: 30

In New York Stock Exchange trading yesterday.

Gulf States' debt issue went to underwriters led by First Boston Corp., Salomon Brothers & Hutzler and Eastman Dillon, Union Securities & Co. The dealer syndicate bid \$5,730 with an 8 1/4% coupon for the bonds and then reoffered them at a price of 101.029, setting the yield at 8.40% in 2000.

In mid-December, Southwestern Electric Power Co.'s similarly rated \$35 million issue of 9% bonds reached the market yielding 8.95% at maturity in 30 years, indicating that bond yields have plunged about 0.55 percentage point over the past two months.

The driving forces behind the drop in yields include a host of predictions by economists and Government officials about a slowdown in the economy's inflationary growth; concomitant suggestions of credit-easing by Federal monetary officials; plus some statistics hinting that the demand for funds to finance corporate growth might begin to decline. A recent rise in the unemployment rate, for example, could indicate an economic downturn, analysts said.

Several major, capital-rich bond houses that have played conspicuous roles in the corporate securities market during the past two months were in the vanguard again yesterday of the Gulf States bidding. Salomon Brothers & Hutzler, a co-manager of the group that won Gulf States' \$30 million bonds, has managed or co-managed almost 72% of syndicates winning this year's competitive corporate issues.

First Boston Corp., another Gulf States co-manager, has a managerial rate of about 61.3%.

The bidding strategy for the Gulf States bond issue seemed to duplicate the gambit employed in bidding for Michigan Bell Telephone Co.'s \$150 million issue, taken earlier this week by a group including both Salomon Brothers and First Boston. In both cases, underwriters pushed prices beyond the current levels, while taking a large "spread" or profit per bond.

The profit per bond on high-grade issues generally has been about \$9 or \$10, analysts indicated. On yesterday's issue, however, the gross profit will be about \$13 per \$1,000 of security if the issue sells out, slightly below the \$14 per \$1,000 face value on Michigan Bell's issue.

In both cases, the expanded profit allowed underwriters to offer salesmen a relatively high sales commission, thereby increasing the sales incentive.

"Of course, we want salesmen to push these issues," one member of the winning syndicate said yesterday.

The syndicate's tactics worked perfectly on the Michigan Bell issue. The American Telephone & Telegraph Co. unit's securities were all sold within two days, and yesterday the Detroit utility's 8 3/4% debentures were quoted by some dealers at a slight premium above the offering price of 101.417, observers reported.

Some securities specialists also have been encouraged recently by the price strength of older utility and industrial issues. When prices on new issues are pushed higher, quotes of seasoned securities often decline, as dealers protect themselves by reducing holdings of older bonds.

During the past several sessions, however, prices of older issues have been moving higher in harmony with rates on the new securities. Yesterday, most seasoned utility bonds gained 1/4 to 1/2 point, bringing the average yield

"I know of one key bank that was keeping its inventory at a minimum earlier this year," one trader said. "Well, they've begun to build up their position in anticipation of a continued price rise," he added.

In yesterday's key corporate sale, Gulf States paid an 8.52 annual interest cost for its debt borrowing. The utility raised an indicated \$30 million through this financing, in addition to the \$23,217,000 raised by selling stock. Proceeds will be used to pay a portion of short-term debt outstanding. Gulf States has about 23.5 million shares of common stock outstanding.

Government issues generally showed small gains in light trading activity, specialists said. The key 4 1/4 bonds of 1987-92 moved 3-16 point higher, closing at 73 bid, 73 1/2 asked, where an investor's return is 6.53.

Quebec Offering in Europe

LONDON -- The Province of Quebec's \$15 million offering of 15-year 9% sinking fund debentures reached the European capital market yesterday at 100, through underwriters led by White, Weld & Co., Credit Lyonnais, Kredietbank S.A. Luxembourg, Nesbitt, Thomson Ltd., J. L. Levesque & L. G. Beaubien Ltd. and A. B. Ames & Co.

Application is being made to list the debentures on the Luxembourg Stock Exchange.

This announcement is neither an offer to sell these securities. The offer is made

250,000

UP
GULF STATES INDUSTRIAL

Common

Price: \$10.00

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\$20,000,000

Continental Telephone International Finance Corporation

9% Guaranteed Debentures Due 1982

Unconditionally guaranteed as to payment of principal, premium, if any, interest and sinking fund by

Continental Telephone Corporation

Business



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

February 27, 1970

Mr. Guy B. Maseritz
10510 Green Mountain Circle
Columbia, Maryland 21043

Dear Mr. Maseritz:

Thank you for sending me a copy of your article published in the Boston College Industrial and Commercial Review. It is a timely and comprehensive study of influence and control of the investment company. It was very thoughtful of you to remember me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eugene H. Rotberg", is written over a horizontal line.

Eugene H. Rotberg
Treasurer



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

February 27, 1970

Mr. Tetsuo Yamanaka
Representative
The Bank of Japan
1 Chase Manhattan Plaza
New York, N. Y. 10005

Dear Mr. Yamanaka:

In accordance with our discussion today, I am enclosing two "marked" sets of documents (the loan agreement, form of serial obligation, interim certificate and swap agreement). I have also enclosed a copy of the Japanese version of the same documents on which you might make similar deletions so that the Japanese and English forms are identical.

We would propose the following procedure for a subsequent transaction.

The Bank of Japan would advise us by telex or telephone the following information:

1. the date of proposed loan agreement
2. the date of settlement and date for setting swap rate
3. the proposed terms (amount, terms of repayment and number of certificates and interest rate)
4. administrative charge for swap transaction
5. final repurchase date for swap transaction

We would telex immediately to The Bank of Japan our comments or agreement which would be subject to formal approval at the next Tuesday meeting of our Board of Executive Directors. As I have advised you, we would hope to advise our Board of Directors of the terms of our mutual understanding at least two days prior to their meeting. Subject to such mutual agreement on terms, dates, etc. through our telex communication, we would

Mr. Yamanaka

- 2 -

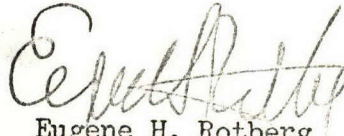
Feb. 27, 1970

insert the necessary data in the spaces left blank in the afore-said Japanese and English documents. The documents would be signed either in Washington or New York by authorized representatives of this Bank and The Bank of Japan after formal approval of our respective authorities at which time we would deliver to you the interim certificate or send it to The Bank of Japan in Tokyo, as you prefer.

I have advised you that the date of settlement of the transaction could be on the day after the date of agreement, or any day thereafter, at your convenience.

If you have any further questions, please do not hesitate to call on us.

Sincerely yours,


Eugene H. Rotberg
Treasurer

Enclosures

EHRotberg/ABroches:bb

cc: Mr. Broches
Mr. Deely



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

February 26, 1970

Mr. and Mrs. I. B. Rotberg
Robinson Building - Room 1005
42 South 15th Street
Philadelphia, Pa.

Dear Folks:

Weather is beautiful here. Hope you are having a wonderful vacation. We did not write to you in Israel because of mail delivery restrictions, so we hope you get this letter on your next stop. Children are fine; I'm taking some magnificent pictures with the new camera I got in Japan. Barbie opened in a play last night. Apparently play was a great success; she expects to get reviewed tomorrow night. We are keeping our fingers crossed on the reviews.

Everything else is fine.

Love,

US

Welcome Home

OUTGOING WIRE

TO: MR. DE LESSEPS

DATE: FEBRUARY 25, 1970

INTBAFRAD PARIS

CLASS OF **TELEX**
SERVICE: **XXX**

COUNTRY: (FRANCE)

TEXT:
Cable No.:

244

WILL CALL YOU FEBRUARY 26 AM WASHINGTON TIME REGARDING AUSTRIAN ISSUE
STOP WE CAN ADVISE AUSTRIANS OF OUR INTEREST IN ENTERING INTO DISCUSSIONS
ON
STOP PLEASE ADVISE TOMORROW WHOM I SHOULD SEE/INITIAL VISIT TO AUSTRIA
AND IS IT EXPECTED THAT PRICE AND OTHER TERMS WOULD BE SET AT INITIAL
STOP
MEETING/ OR COMMA IS PRICING SET FORTH IN YOUR RECENT LETTER
TENTATIVE AND WILL IT BE RENEGOTIATED IMMEDIATELY PRIOR TO THE
PUBLIC ISSUE? WHEN DO YOU RECOMMEND WE SEND LAWYER (SZASZ) AND
VAN SAAGSVELT TO WORK ON TECHNICAL OPERATIONS AND DOCUMENTATION STOP
I WOULD EXPECT YOU TO ACCOMPANY ME TO AUSTRIA ON FIRST VISIT AND
PROBABLY ALSO LATER WITH VAN SAAGSVELT AND SZASZ STOP ALSO PLEASE
CHECK WITH ARTHUR ON HIS VIEWS ON FOREGOING INASMUCH AS HE RECENTLY
WAS IN AUSTRIA REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. Treasurer's

SIGNATURE

Rotberg:bb

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Mr. Deely

Mr. Szasz

For Use By Communications Section

Checked for Dispatch: _____

Mr. McNamara

Mr. Aldewereld

Attached is the 1970 projection for the demand and supply of funds by Salomon Brothers & Hutzler. Note the extreme variations from year to year in both the demand and supply side. There are important bits of information in the study. Note in particular the projected increase in corporate bond financing, the liquidation of short-term debt, the expanded role of individual investors, fall off in resources of savings banks, etc.

Attachment

Gene Rotberg
Feb. 24, 1970

Chen

The following Telex was dictated to me over the telephone at 10:20 A.M. Friday, February 13, 1970, from the Bank of Japan, New York, by Mrs. Driscoll. [It was sent to the Bank of Japan, New York, because their head office in Tokyo was under the impression that our Telex machine had been out of order since February 9.]

TO: MR. ROTBERG, TREASURER

RE YOUR INT 36 YOUR PROPOSED DISBURSEMENT PROCEDURE SEEMS SATISFACTORY
THOUGH WE HAVE SOME MINOR QUESTIONS AND SUGGESTIONS AS LISTED BELOW.
WE ARE HOPING THAT WE SHALL BE ABLE TO GIVE YOU OUR FINAL AGREEMENT
EARLY NEXT WEEK AFTER CLEARING WITH OUR MINISTRY OF FINANCE.

A. AS WE EXPLAINED TO YOU IN TOKYO, WE HAVE TO ACT AS AGENT OF
THE MINISTER OF FINANCE OF JAPANESE GOVERNMENT IN THE SWAP TRANSACTION
AS WELL AS IN THE CONVERSION. THEREFORE, THE DOLLAR ACCOUNT AT THE
FEDERAL RESERVE BANK OF NEW YORK, WHICH YOU WILL REQUEST THEM TO CREDIT,
SHOULD BE "THE ACCOUNT OF THE MINISTER OF FINANCE JAPANESE GOVERNMENT",
INSTEAD OF "YOUR ACCOUNT", IN (1) (C) (1), (2) (B) (1) AND (3) (C) (1)
OF YOUR DRAFT.

B. IN 1) (C) (iii) OF YOUR DRAFT, IS IT NOT POSSIBLE TO INSERT
"(A) ABOVE)" AFTER "PAY _____", JUST AS IN THE CASE OF (2) (B)
(iii)?

C. IN 3) (C) (iii), DO YOU GIVE US THE SPECIFIED AMOUNT OF DEUTSCHE
MARK FOR OTHER CURRENCIES? IF SO, IS IT NOT BETTER TO ADD " _____ "
"(B) STERLING",
AFTER "(A) DEUTSCHE MARK", AND "(C)" FRENCH FRANCS, ETC., ETC., "?

*I gave copies to Messrs
W. L. Chang, Brink & Seely.*

D. IN 3) (C) (iii), MAY WE UNDERSTAND THAT THE TOTAL AMOUNT OF THOSE CURRENCIES YOU WANT US TO SELL YOU WILL BE "(A ABOVE)" OF 3)?

E. YOU HAVE AGREED WITH OUR TIME SCHEDULE, BUT IN ORDER TO AVOID ANY MISUNDERSTANDING, WE WOULD SUGGEST THAT THE FOLLOWING INSERTION BE MADE AS UNDERLINED.

1) (C) "WILL CABLE ONE BUSINESS DAY PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

2) (B) "WILL CABLE TWO BUSINESS DAYS PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

3) (C) "WILL CABLE THREE BUSINESS DAYS PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

AS WE EXPLAINED TO YOU, "BUSINESS DAYS" HERE WILL MEAN "BUSINESS DAYS BOTH IN TOKYO AND NEW YORK".

YOUR COMMENTS ON THE ABOVE SUGGESTIONS WILL BE APPRECIATED.

YUKAWA

Kessie

2/13/70

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *EUR*

SUBJECT: Portfolio Yields: February 16, 1970

DATE: February 24, 1970

Attached is the February 16 statement of our portfolio yields. The increase of 12 basis points is attributable to the purchase of \$100 million Farmers Home Administration Notes (8-7/8%) maturing in January 1975 and a recent roll-over of 7-1/4% time deposits to 9-1/4%. Our statement of March 1, however, will show a drop in our average yield due to the purchase of \$100 million U.S. Treasury Bills with the proceeds of the Japanese yen offering. These short-term bills will yield us slightly less than 7% but will be disbursed over the next 8 weeks. I would expect that our average yield would fall 4 or 5 basis points in the next several weeks but should slowly rise in March and April as the Treasury Bills are sold and maturing time deposits and agencies are rolled over at higher yields than now appear on our books. In May and June, however, there mature some high-yielding time deposits which in all likelihood will be rolled over at lower yields than they now carry.

Of more significance, however, are our prospects for fiscal 1971. There matures between July 1, 1970 and June 30, 1971, \$478 million in time deposits. These deposits will yield us 9.80% through their maturities in fiscal 1971. It is likely that they will be rolled over in fiscal 1971 at an average rate considerably lower than their current yield. Conversely, our reinvestment of \$212 million maturing agencies in fiscal 1971 probably will produce a slightly higher yield than at present. (The reason for the relatively limited dollar amount of agency maturities in fiscal 1971 of our total of \$800 million plus is because, as you can see from the attached detailed schedules, we have lengthened considerably our agency holdings in order to lock up current high yields through FY 1972/1974. We have been unable to this with time deposits since commercial banks are unwilling to quote rates beyond 14 to 15 months and even then only for minimal amounts.)

Despite the anticipated fall-off in our average yield, it is likely that we will be able to maintain our overall investment income because of the high cash position with which we start the year. If we can maintain a cash position throughout the year of about \$2 billion, through sufficient borrowings, our investment income in fiscal 1971 could exceed that for fiscal 1970 despite the aforementioned fall-off in the average yield from time deposit roll overs. If, however, we project a draw-down of our cash and/or a drastic drop in time deposit rates early in the year, then our investment income could fall in FY 1971 below the \$148-150 million which we now project for fiscal 1970.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

February 24, 1970

Assuming that we wish to avoid a drop in our income under such circumstances, we have a number of alternatives.

First, we can liquidate either agencies or time deposits prior to their maturity and take capital gains in July 1970 (fiscal 1971) which will appear as income on the day of the sale; or we can take capital losses prior to June 30, 1970 on some of our seasoned agencies which were purchased several years ago so as to lower our 1970 fiscal income; or we can ask the Board for authorization to purchase increasing amounts of time deposits now which will ensure us higher income further into 1971 through the investment of incremental funds. We might also renegotiate our 10-1/2% time deposits now to produce an average yield of, say, 8-1/2% through, say, fiscal 1971. Obviously, we also have the alternative of simply not managing the portfolio in the sense that we sell nothing prior to maturity (unless required to do so by disbursement needs) and roll over time deposits or agencies at going market rates as they mature. I find this last alternative unappealing since it, in effect, manages the portfolio by failing to make alternative decisions.

I will shortly send to you a specific recommendation on the handling of our investments for fiscal 1971. Suffice to note at this point that our income in 1971, in the event the market improves, i.e. yields fall, can be maintained by sales in the market of some of our high-yielding securities. (For example, our U.K. holdings now yielding us about 10% have substantially improved in price, providing us with a considerable capital gain if we wish to liquidate). On the other hand, to do so would jeopardize 1972-1973 income.

Attachment



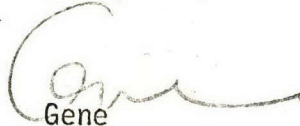
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

February 24, 1970

Dear Heidi,

Attached is a draft of my Los Angeles Bond Club speech. I made a number of changes so it can't be used without checking back with me. Also enclosed is Mr. McNamara's most recent speech to the Columbia University Conference. Please let me know what you think.

Love,


Gene

Encl. 2

Miss Heidi Fiske
Senior Editor
The Institutional Investor
140 Cedar Street
New York, N.Y. 10006



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

chron

February 20, 1970

Group of Governmental Experts
on Capital Markets
Organisation for Economic
Co-operation and Development
2, rue Andre-Pascal
Paris XVIe, France

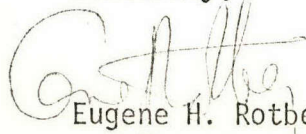
Attention: Mr. M. Rouge, Chairman of the Committee
for Invisible Transactions

Gentlemen:

I am enclosing for your information the most recent transcript of public Hearings in the United States on the Bills to Amend the Investment Company Act of 1940, and a Statement from the Chairman of the Securities and Exchange Commission on this matter.

I must apologize for the delay in sending these materials to you after my return from the recent Group of Governmental Experts meetings, but I have recently been out of the country. I hope that you will find this information useful. If you need any further information on U.S. regulation of investment companies, please do not hesitate to ask.

Sincerely,


Eugene H. Rotberg
Treasurer

Encl: 3

Chron

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Hertz said it is not possible to rent
a car in Montreal and deliver it in
Albany.

Avis said it is possible to do the above
but there is a "drop" charge which would
be 15¢ a mile or a minimum of \$15.

Re flights to Montreal on Thursday,
March 26 in the evening:

EA - Non-stop from Baltimore
8:55 p.m. arriving
Montreal 10:17 p.m.

EA - From Dulles (2 stops)
Lv Dulles 5:30 p.m.
Arrive Montreal 8:49 p.m.

Re flights from Albany to Washington on
Friday night:

Allegheny - Lv. Albany 5:50 p.m.
Arr. D.C.
(Nat'l) 7:30 p.m.
(1 stop)

OUTGOING WIRE

TO: LANDESBANK
DUSSELDORF

DATE: FEBRUARY 19, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (GERMANY)

TEXT:
Cable No.:

ATTENTION DR. POUILLAIN AND PROFESSOR LIPFERT
WE MAY HAVE UP TO FIFTY MILLION DEUTSCH MARK AVAILABLE FOR
SHORT TERM DEPOSIT STOP IF YOU ARE INTERESTED PLEASE CABLE
BEST RATES FOR TWO COMMA THREE AND FOUR MONTH DEPOSIT STOP
KINDEST PERSONAL REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

T. TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch: _____



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

February 19, 1970

Mr. R. W. van de Velde
Faculty Secretary
Rockefeller Public Service Awards
Princeton University
Woodrow Wilson School
Princeton, New Jersey

Dear Mr. van de Velde:

It is with pleasure that I respond to your letter of February 6, 1970. It is an honor to second the nomination of Mr. Stanley Sporkin, of the Securities and Exchange Commission, for a Rockefeller Public Service Award.

I must confess some bias in support of Stanley Sporkin. I am most directly responsible for his having come to the Commission in the early 1960's as a staff member of the Special Study of the Securities Markets. Nonetheless, I feel that I can, with objectivity, warmly support Mr. Sporkin's nomination.

You will have no doubt received a rather comprehensive picture of Mr. Sporkin's accomplishments - starting with his work on studying, reporting on and recommending new and comprehensive standards that securities brokers should use in training and supervising their personnel who deal with the public. I am sure you also are familiar with his responsibilities in recent years for the Commission's Enforcement Program which, as you know, is probably most directly responsible for the confidence of the investing public in the U.S. securities markets - a confidence which is the underpinning of any healthy market place.

As you may know, he also is directly responsible for the Commission's activities concerning the financial stability of brokerage firms, both in terms of their "back office" procedures as well as their compliance with the net capital rules of the Commission which are designed to insure the financial integrity of the securities industry. I could detail these matters at length and make a case which would show the importance of the work done and supervised by Stanley Sporkin. In essence, his job is to maintain the confidence of the American public, which I referred to above, and to design and implement an appropriate disciplinary program which will serve as a prophylactic to assure that brokerage firms maintain the highest rules of ethics and public behavior. He has chosen his enforcement cases - whether they be injunctive, administrative or criminal - with great care so as to assure that they will have the maximum impact in public interest, and despite rather

February 19, 1970

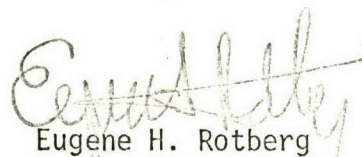
limited financial and personnel resources, focused on those areas which would produce the most overall good in terms of both deterrence and the establishment of known guidelines for the future behavior of the securities industry.

I will not dwell on these matters further. I am sure others have done so. Rather, I would prefer to comment here briefly on his personal qualifications which in a sense are responsible for his dedication to public service and his future potential. Stanley Sporkin is a man of incorruptible integrity and of great loyalty to those who work with him and for him. While this may seem a cliché, the fact is that his position in recent years has been one subject to great pressure from major financial institutions in our society. Nonetheless, he has developed a program with a single-mindedness of protecting the public. In doing this, he has gained enormous respect from the Bar and the securities industry. He is tough, fair, and devoted to simply doing the right thing. I have no doubt that no matter what Stanley Sporkin does in the future, these qualities will stay with him whether he is serving public clients or private ones. He has on many occasions rejected far more lucrative employment. In part, I am sure this is because of the difficulty in pulling himself away from public service and from the ideal of protecting the unknown mass of consumers. In part, it also reflects a loyalty to those around him and to the Securities and Exchange Commission. I suspect on many occasions he thinks it better to simply "give up the ghost" but his commitment to the public interest has prevented him from doing so.

As to Stanley Sporkin's future, he obviously will retain the same qualities about which I have spoken. I fear, however, that he will have a somewhat difficult time of it since his commitment is so unswerving and his pragmatic idealism so pervasive that he may find that the private sector puts him under pressures he might wish to avoid. Nonetheless, that would seem more to his credit than otherwise.

If you have any other questions please do not hesitate to write me.

Sincerely,


Eugene H. Rotberg
Treasurer



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

February 19, 1970

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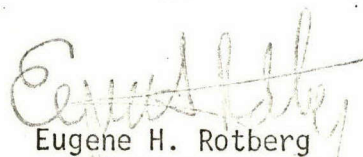
limited financial and personnel resources, focused on those areas which would produce the most overall good in terms of both deterrence and the establishment of known guidelines for the future behavior of the securities industry.

I will not dwell on these matters further. I am sure others have done so. Rather, I would prefer to comment here briefly on his personal qualifications which in a sense are responsible for his dedication to public service and his future potential. Stanley Sporkin is a man of incorruptible integrity and of great loyalty to those who work with him and for him. While this may seem a cliché, the fact is that his position in recent years has been one subject to great pressure from major financial institutions in our society. Nonetheless, he has developed a program with a single-mindedness of protecting the public. In doing this, he has gained enormous respect from the Bar and the securities industry. He is tough, fair, and devoted to simply doing the right thing. I have no doubt that no matter what Stanley Sporkin does in the future, these qualities will stay with him whether he is serving public clients or private ones. He has on many occasions rejected far more lucrative employment. In part, I am sure this is because of the difficulty in pulling himself away from public service and from the ideal of protecting the unknown mass of consumers. In part, it also reflects a loyalty to those around him and to the Securities and Exchange Commission. I suspect on many occasions he thinks it better to simply "give up the ghost" but his commitment to the public interest has prevented him from doing so.

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WASHINGTON, D.C. 20433, U.S.A.

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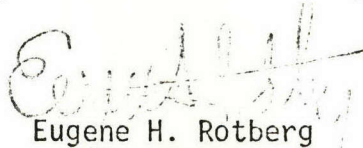
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Sincerely,


Eugene H. Rotberg
Treasurer

OUTGOING WIRE

TO: LANDESBANK
DUSSELDORF

DATE: FEBRUARY 19, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (GERMANY)

TEXT:
Cable No.:

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BEST RATES FOR TWO COMMA THREE AND FOUR MONTH DEPOSIT STOP
KINDEST PERSONAL REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch:

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: February 19, 1970

FROM: Eugene H. Rotberg

SUBJECT: Memorandum of Telephone Conversation with Lawrence Parker and
Walter Wilson (Morgan Stanley) - February 19, 1970

Larry Parker advised me the following:

- (1) Both Morgan Stanley and First Boston believed that interest rates are likely to be lower by May or June.
- (2) Assuming, however, that the Bank wishes to go ahead with a U.S. public offering, they believe that we could do so in the last two weeks of March. They said, however, that we should recognize that the bond market is "inspired" by individual purchasers and that they have yet to see major institutional interest. They also stated that some of the strength in the market is due to dealer speculation. The success of the Michigan Bell offering (8.50%) is, in part, also attributable to the fact that the underwriters receive \$14 commission and the selling group members \$8.75 per \$1,000. (This is considerably higher than our offerings in which the underwriters receive \$8.75 and the selling group members \$4.00).
- (3) If we were to do a bond offering now, it would cost us 8-1/2%. Parker said that the delayed delivery and the long call protection are important plus factors; on the other hand, individuals are unfamiliar with the Bank and their willingness to purchase our bonds remains untested. Our market in the past has been almost exclusively institutional.
- (4) The calendar in March is not bad but there are some substantial offerings coming up. In the second week of March: \$100 million Alcan; \$150 million Chrysler; and \$75 million Telephone. There is a TVA offering of \$100 million scheduled for the third week of March. There are other offerings that Morgan Stanley and First Boston are now planning for the end of March. They suggest that if we wish to go forward in March we should do so either March 18 or March 25, or perhaps April 1.
- (5) Parker noted, however, that we had just borrowed in Japan. He suggests that, although we can do an offering in March, it might be wise to wait until May or June. He said that Morgan Stanley and First Boston are confident that if we did an offering, say

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

February 19, 1970

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. . .

I got the over-all impression that neither Morgan Stanley nor First Boston wished to affirmatively tell us to wait until May or June but if they were in our position they would wait until that time on the basis of (a) the calendar and (b) the trend toward lower rates.

.

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg *E. Rotberg*

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Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

February 19, 1970

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

February 18, 1970

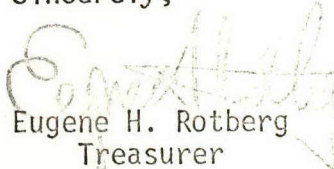
Mr. C. Richard Locke
Director
National Conference of Bar Examiners
American Bar Center
1155 East 60th Street
Chicago, Illinois 60637

Dear Mr. Locke:

This refers to your letter of February 12, 1970, concerning Meyer Eisenberg, who is applying for admission to the bar of the U.S. District Court for the District of Columbia.

I have known Mr. Eisenberg since the early 1960's. Since that time I worked closely with him in the Special Study of the U.S. Securities Markets and in connection with several important legal matters for which he was responsible. I have come to respect Mr. Eisenberg as an extremely capable lawyer with meticulous regard for fairness and objectivity in presenting a legal position. I have no hesitancy in recommending his moral character, his legal ability and his fairness for the practise of law. His ethical standards and his sense of correctness will do credit to the Bar of the District of Columbia.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg

SUBJECT: Portfolio Yields: January 31, 1970

DATE: February 16, 1970

Since the date of the attached statement, we have rolled over 7-1/4% Time Deposits maturing February 13 at 9-1/4% and 9-3/8% for 12 to 14 months. We also purchased \$100 million 8-7/8% FHA notes maturing January 31, 1975, with the proceeds of \$60 million maturing FNMA securities and \$40 million of new funds derived from delayed deliveries.

Attachment

Chron

The following Telex was dictated to me over the telephone at 10:20 A.M. Friday, February 13, 1970, from the Bank of Japan, New York, by Mrs. Driscoll. [It was sent to the Bank of Japan, New York, because their head office in Tokyo was under the impression that our Telex machine had been out of order since February 9.]

TO: MR. ROTBERG, TREASURER

RE YOUR INT 36 YOUR PROPOSED DISBURSEMENT PROCEDURE SEEMS SATISFACTORY
THOUGH WE HAVE SOME MINOR QUESTIONS AND SUGGESTIONS AS LISTED BELOW.
WE ARE HOPING THAT WE SHALL BE ABLE TO GIVE YOU OUR FINAL AGREEMENT
EARLY NEXT WEEK AFTER CLEARING WITH OUR MINISTRY OF FINANCE.

A. AS WE EXPLAINED TO YOU IN TOKYO, WE HAVE TO ACT AS AGENT OF
THE MINISTER OF FINANCE OF JAPANESE GOVERNMENT IN THE SWAP TRANSACTION
AS WELL AS IN THE CONVERSION. THEREFORE, THE DOLLAR ACCOUNT AT THE
FEDERAL RESERVE BANK OF NEW YORK, WHICH YOU WILL REQUEST THEM TO CREDIT,
SHOULD BE "THE ACCOUNT OF THE MINISTER OF FINANCE JAPANESE GOVERNMENT",
INSTEAD OF "YOUR ACCOUNT", IN (1) (C) (1), (2) (B) (1) AND (3) (C) (1)
OF YOUR DRAFT.

B. IN 1) (C) (iii) OF YOUR DRAFT, IS IT NOT POSSIBLE TO INSERT
"(A) ABOVE)" AFTER "PAY _____", JUST AS IN THE CASE OF (2) (B)
(iii)?

C. IN 3) (C) (iii), DO YOU GIVE US THE SPECIFIED AMOUNT OF DEUTSCHE
MARK FOR OTHER CURRENCIES? IF SO, IS IT NOT BETTER TO ADD " _____ "
"(B) STERLING",
AFTER "(A) DEUTSCHE MARK", AND "(C)" FRENCH FRANCS, ETC., ETC., "?"

D. IN 3) (C) (iii), MAY WE UNDERSTAND THAT THE TOTAL AMOUNT OF THOSE CURRENCIES YOU WANT US TO SELL YOU WILL BE "(A) ABOVE)" OF 3)?

E. YOU HAVE AGREED WITH OUR TIME SCHEDULE, BUT IN ORDER TO AVOID ANY MISUNDERSTANDING, WE WOULD SUGGEST THAT THE FOLLOWING INSERTION BE MADE AS UNDERLINED.

1) (C) "WILL CABLE ONE BUSINESS DAY PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

2) (B) "WILL CABLE TWO BUSINESS DAYS PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

3) (C) "WILL CABLE THREE BUSINESS DAYS PRIOR TO THE VALUE DATE

BANK OF JAPAN....."

AS WE EXPLAINED TO YOU, "BUSINESS DAYS" HERE WILL MEAN "BUSINESS DAYS BOTH IN TOKYO AND NEW YORK".

YOUR COMMENTS ON THE ABOVE SUGGESTIONS WILL BE APPRECIATED.

YUKAWA

Kessie

2/13/70

OUTGOING WIRE

TO: MR. YUKAWA
NIPPONGINK
TOKYO

DATE: FEBRUARY 13, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

THANKS FOR YOUR CABLE TO MR. ROTBERG WHO IS AWAY UNTIL MONDAY
STOP REASONABLY CONFIDENT THAT THERE WILL BE NO DIFFICULTIES
BUT MR. ROTBERG WILL CABLE YOU ON HIS RETURN STOP TEST 517

TREASURER'S DEPARTMENT
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Y. L. CHANG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

YLChang:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

Chrow
INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

- ✓ (1) Ted Kronfeld called 2/12 - wants you to have lunch with him. He will call next week.
- (2) Mr. Charles Ganoe, Sr. VP & Mr. Daniel Hutcheson -- of Fidelity Bank, Philadelphia, are coming to see you Tuesday, Feb. 17 at 3. If this is not O.K. I will let them know.
- (3) Andrew Knight (London Economist) called 2/12 - he will call you again.
- (4) ~~Chet Noble called while you were in L/A. I told him where you were staying.~~
- (5) Miss Cain in Dean Nash's office returned your call on Thursday.
- * (6) One of your students called to remind you to let him have a set of the lecture material which was given out at the first class. I called Barbara in Mr. Rappaport's office and she is sending this to me.
- (7) ~~Mr. Sacchetti called on 2/12. No message.~~
- (8) REMINDER TO BRING IN QUESTIONS AND ANSWERS BOOKLET. *Book 2318*
- (9) REMINDER TO BRING IN CHECK FOR YOUR CREDIT UNION.
- (10) REMINDER - JAPANESE & WEST COAST EXP. ACCOUNTS

* *Lewis Marin -*

ck 1157

Turn in Lewis Passes

Mr. Duvshani called (2/3). He is leaving for a month in Europe and asked if you would be over there towards the end of the month. I told him I did not think that you would be but that if your plans changed we would get in touch with his secretary to find out his whereabouts. He was hoping especially that you would be in London.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

OFFICE OF THE PRESIDENT

(11) Mr. Broches called when he arrived
back to say "hello" to you. (2/12)

(12) Fred Moss called (2/13) -- he would
like a call on Monday.

(13) *Angus p.c.*

(14) BRUCE MacLAURY 184 5848
TELL HIM THAT EHR WANTED TO TELL HIM ABOUT OUR
JAPANESE BORROWING. It is a private placement
with the Bank of Japan; rate 7.14%; 3-5 year
maturity; 36 billion yen. Payment ~~will be~~ date
February 18. Any further info. desired -
call Mr. Nurick

~~(15) *John*~~

(16) *Emile*

(17) *Mr. J. Josephine*

(18) *Mr. S. - Beggs*

(19) *262 - 200-668*
2 - 63

(20) *Where is OECD file?*

2/13/70.

Chron

Eugene H. Rotberg
Treasurer

*International Bank for
Reconstruction and Development
Washington, D. C.*



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

February 13, 1970

Algemene Bank Nederland N.V.
Amsterdam, The Netherlands

Attention: Economic Research Dept.

Gentlemen:

Thank you for sending us the weekly market quotations in The Netherlands. Would you please change your mailing records to reflect that Mr. Eugene H. Rotberg is the Treasurer of the International Bank for Reconstruction and Development. Please delete Mr. Cavanaugh's name.

Very truly yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg

OUTGOING WIRE

TO: EDGAR PLAN
ASIANBANK
MAKATI, MANILA

DATE: FEBRUARY 11, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (THE PHILIPPINES)

TEXT:
Cable No.:

MR. ALDEWERELD AND I LOOK FORWARD TO SEEING YOU STOP PLEASE

COME TO MY OFFICE TWO THIRTY FEBRUARY ~~15~~ 18 REGARDS

ROTBURG

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *Eugene H. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

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

Chron

February 11, 1970

Dear Robert:

I must apologize for not writing to thank you for your most useful letters concerning your discussions in Switzerland and Austria. I have been quite busy, having just returned from a trip to Japan. We are planning to go forward with the Austrian issue and, as soon as I get back from another trip to the West Coast, I shall write to you and will arrange for one of our staff here - and perhaps a lawyer - to meet you in Vienna to start some technical negotiations.

Mr. Krieger, the Alternate Executive Director for Austria, is aware of your contacts and the discussions on the bond issue. At this point we should keep the matter as confidential as possible.

Best regards.

Sincerely,


Eugene H. Rotberg

Mr. Robert de Lesseps
Chief, European Financial Operations
International Bank for Reconstruction
and Development
4 Avenue d'Iena
Paris 16e, France



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

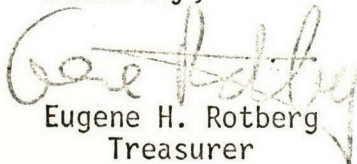
February 11, 1970

Mr. Warner Heineman
Executive Vice President
Union Bank
Fifth & Figueroa Streets
Los Angeles, California
90054

Dear Mr. Heineman:

Thank you for your letter of February 2.
I appreciate your offer of assistance during
my forthcoming visit to Los Angeles. Unfortunately, my stay there will be very brief and I regret that time will not permit my visiting your Bank. However, I hope that I will have the opportunity of meeting with you and your colleagues in the not-too-distant future.

Sincerely,


Eugene H. Rotberg
Treasurer

U N I O N B A N K

WARNER HEINEMAN
EXECUTIVE VICE PRESIDENT

February 2, 1970

Mr. Gene Rotberg
Treasurer
International Bank
For Reconstruction & Development
1818 H Street, NW
Washington, D.C. 20433

Dear Mr. Rotberg:

It has come to my attention that you might be in our area during the month of February and I want to invite you herewith to use any of Union Bank's services while in Los Angeles.

Please let me know if there is anything we can do for you to make your trip more enjoyable.

Cordially yours,

Warner Heineman



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

February 11, 1970

Mr. Norman Coates
The Ford Foundation
Hotel Avila - San Bernardino
Caracas, Venezuela

Dear Norman:

I just received your letter of February 4, inasmuch as I have just recently returned from Japan. I have taken the liberty of forwarding your resume to two different Departments here at the Bank with my recommendation and to speak to the Personnel Office. I cannot, however, be too optimistic. As you know, the Bank basically uses economists and engineers in specific project areas - e.g. transportation; agriculture; population control; power; etc. Nonetheless, I will do what I can.

Please give my regards to Suzy.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eugene H. Rotberg", is written over a faint, circular embossed seal.

Eugene H. Rotberg
Treasurer

cc: Mr. R. A. Clarke - I have met this man but once and was not impressed; however, I do not pretend to be a good judge in this area. His background, as you can see, is quite extensive.

Perhaps we could send him a gracious "no" letter if you decide there is no opening in the Bank.



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

February 11, 1970

Dear Irene:

Thank you for sending me a copy of the
"Economic Report of the President". It was
very kind of you to think of me.

Best wishes from Iris and myself.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gene", is written over a horizontal line.

Gene Rotberg

Miss Irene Lurie
Council of Economic Advisers
Executive Office of the President
Executive Office Building
17th & Penn., N.W.
Washington, D.C.



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

February 11, 1970

Dear Sam:

I have just returned from Europe and then from Japan and I am now about to rush off to the West Coast. I must apologize for not writing to you sooner after having received "The Retired Officer" publication. The reproductions of your recent works are magnificent but I am sure they barely do your paintings justice.

As soon as I get settled back in Washington, I promise that Iris, the children and I will come over and see you.

My kindest regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gene", is written above the printed name.

Gene Rotberg

Mr. Sam Bookatz
2700 "Q" Street, N.W.
Washington, D.C.

The swap arrangement is a straightforward one. It may be useful first, however, to describe exactly what the Bank borrows and what are its obligations. The Bank proposes to borrow 36 billion yen and its account with the Bank of Japan would be credited with 36 billion yen. Commencing in 3 years it will be obligated to pay back in equal semi-annual instalments the 36 billion yen.

What will the Bank disburse? The Bank will disburse these 36 billion yen or sell the 36 billion yen, according to our normal practice, for currencies required by our borrowers. It will take 2 - 3 months to disburse the yen. As these yen are disbursed over 2 - 3 months they draw down the foreign exchange reserves of Japan. Thus the borrowing, the repayment obligation and the disbursements are identical in all respects to our other borrowings.

Now, what is the function of the swap agreement? The Bank of Japan wishes -because of balance of payments considerations referred to by Suzuki - to have a drawdown of their foreign exchange reserves, and to provide income to the World Bank. Thus, they are providing us on February 19 with the equivalent of 36 billion yen in dollars - or approximately \$100 million. That means that although this Bank will still be obligated in yen it will receive dollars for the yen on February 19. If we were to disburse those dollars without a swap agreement, we would be subject to foreign exchange risks since, again, we would be obligated in yen but we would be disbursing dollars. Therefore, in order to satisfy the requirements of

an immediate dollar disbursement on the part of the Japanese and simultaneously satisfy our own requirement that we do not take any exchange risk, the Japanese have agreed to purchase back the dollars for yen at the same rate that the dollars are supplied to us on February 19. Thus, prior to our disbursements we will put back the dollars from time to time to the Bank of Japan who will give us the equivalent amount of yen which will be disbursed to our borrowers or used to purchase other currencies.

In short, we borrow yen, we pay back yen. The swap agreement is simply an intermediate transaction whereby we receive dollars on February 19 and over the next two or three months, on an almost daily basis, put back those dollars to the Bank of Japan, receive the equivalent amount of yen at the same rate that we receive the dollars and simply disburse the yen in accordance with our normal procedures.

By the end of two or three months we would have put back all of the dollars and we would have received 36 billion yen in our account which will have been disbursed in accordance with our normal procedures. This Bank will bear no exchange risk arising out of its receipt of dollars on the 19th - because of the swap agreement - and our borrowers will be charged yen in accordance with our normal practice.

EHRotberg:emk
February 10, 1970

Chen

1. High coupon Treasuries 7.65 and 7.62 for maturities 15 months and 37 months (Friday, February 6).
2. Recent Treasuries 8-1/8 and 8-1/4, due August 1971 and August 1973 now yielding 7.73 and 7.84 (Friday, February 6).
3. Agencies yielding 8.26 (July '71). (Friday, February 6).
8.13 (Sept. '72).
8.26 (Nov. '71).
8.13 (Feb. '72)
8.36 (Mar. '72)
4. New issue Tomorrow of FHLB, Tuesday, February 10, probably 8.40/8-3/8 (3 yrs.);
8.50 (16 months).
5. Large institutional demand.
6. Monday market even better; March '72 now 8.16.
7. In September we were 50 points over U.S. Treasuries; we were 200 points below Time Deposits.
8. Time deposit rate dropping quickly; now 9-1/8 for 1 year;
8-1/2 - 3/4 for 2 years.
9. U.S. feels we should not press (by offering excessively competitive rate).
10. Bundesbank and Bank of Japan have given us rate same as Government or Government guaranteed. We should not go over 3/8 over U.S. rate.
11. All indications Nixon, McCracken, etc. indicate loosening of money.

EHRotberg:emk
February 9, 1970

OUTGOING WIRE

TO: ARON BROCHES
HOTEL OKURA
TOKYO

DATE: FEBRUARY 9, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.: FOUR

REMYTELEX THREE PLEASE CHANGE "MR. McNAMARA" TO "ROBERT S. McNAMARA"

REGARDS

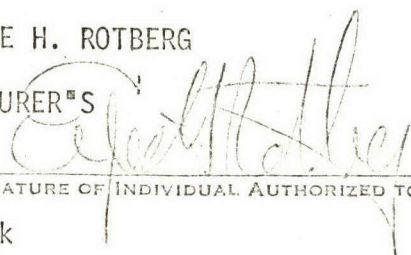
ROTBURG

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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

February 9, 1970

Miss Selma Arnold
Legal Editor
Practising Law Institute
1133 Avenue of the Americas
New York, N.Y. 10036

Dear Miss Arnold:

As agreed with you on the telephone
this morning, I am enclosing a retyped
copy of page 216 of Mr. Rotberg's trans-
cript. Mr. Rotberg has proofread this
page.

Sincerely,

Edith M. Kesterton

Edith M. Kesterton
Secretary to
Mr. Rotberg

Encl.



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

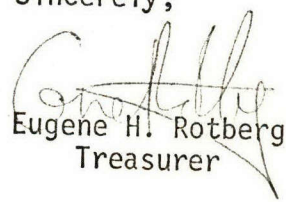
February 9, 1970

Mr. W. Randolph Baker
1014 South 49th Street
Philadelphia, Pa. 19143

Dear Mr. Baker:

As requested, I am enclosing a
transcript of some remarks which I made
at a recent Institutional Investor
Traders' Conference.

Sincerely,


Eugene H. Rotberg
Treasurer

Encl.



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

February 9, 1970

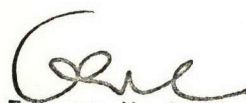
Mr. Edwin Kronfeld
Resident Partner
Morgan, Lewis & Bockius
1140 Connecticut Ave., N.W.
Washington, D.C.

Dear Ted:

Let me offer my warmest congratulations on your new affiliation. Iris and I wish you the best success. I am sure you will be most happy and challenged in your new position.

Kindest personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Please type or
use
Block Letters

The International Who's Who

Chen

PLEASE REVISE

Please correct the following entry, which appeared in *The International Who's Who* 1969-70.

Veuillez avoir l'obligeance de revoir la notice suivante, qui a paru dans *The International*

Who's Who 1969-70, et de fournir les renseignements désirés. Nous serions heureux de recevoir la fiche remplie; il est entendu que cela ne comporte aucune obligation de votre part.

Rogamos a Vd. se sirva rectificar el siguiente recorte, publicado en *The International Who's Who* 1969-70. Al llenar y devolvernos este cuestionario no incurre Vd. en ninguna obligación de pago.

Bitte berichtigen Sie die folgende Eintragung, die in *The International Who's Who* 1969-70 erschienen ist. Die Ausfüllung und Zurücksendung des Abzugs bringen keinerlei Verpflichtung mit.

Entry

Rotberg, Eugene H., B.S., LL.B.; American world bank official; b. 1929, Philadelphia; ed. Temple Univ. and Univ. of Pennsylvania. Member Pennsylvania and D.C. Bar; with U.S. Securities and Exchange Comm. 57-68, Assoc. Dir. Div. of Trading and Markets until 68; Treas. World Bank and its affiliates (Int. Finance Corp. and Int. Devt. Asscn.) Jan. 69-; Professorial Lecturer in Law, George Washington Univ. Law School 65-. International Bank for Reconstruction and Development, 1818 H. Street, N.W., Washington, D.C., U.S.A.



Corrections and Additions (PLEASE TYPE OR USE BLOCK LETTERS)

Please change line 2 to read:

official; b. 1930, Philadelphia;
ed. Temple Univ. and

Address and Telephone Number

ADDITIONAL INFORMATION

Please check that details of your family and your leisure interests appear in your entry. If not, we will be grateful if you would complete the section below.

Vous êtes prié de vérifier que les détails sur votre famille et vos loisirs sont compris dans le texte, sinon veuillez bien les ajouter à la section ci-dessous.

Le rogamos a Vd. verifique que los detalles de su familia y pasatiempos figuran en el siguiente recorte, y si no, sírvase incluirlos en el sitio indicado.

Achten Sie bitte darauf, dass die Einzelheiten über Ihrer Familie und Ihrer persönlichen Interessen in diesem Abzug aufgenommen sind. Sonst wird es gebeten, das Folgende auszufüllen.

Place of Birth

Parentage

Marriage (Year and Names)

Number of Sons/Daughters

Signature

OUTGOING WIRE

TO: EUGENE ROTBERG
OKURA HOTEL
TOKYO

DATE: FEBRUARY 6, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

PHONE HOME WHEN YOU ARRIVE IN NEW YORK TO MAKE PLANS FOR
YOUR WIFE TO MEET YOU ^{AT AIRPORT} IN WASHINGTON
₁

KESTERTON

NOT TO BE TRANSMITTED

AUTHORIZED BY:

Y.L. CHANG *Y.L. Chang*

NAME

TREASURER'S

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EMK/

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ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

OUTGOING WIRE

TO: EUGENE ROTBERG
C/O PANAMERICAN WORLD AIRWAYS
FLIGHT 800 FROM TOKYO
ARRIVING FEBRUARY 7 AT 1520 HOURS
KENNEDY INTERNATIONAL AIRPORT
NEW YORK CITY

DATE: FEBRUARY 6, 1970

CLASS OF SERVICE: NLT

COUNTRY: (NEW YORK)

TEXT:

Cable No.:

FOLLOWING MESSAGE SENT TO YOU IN TOKYO QUOTE PHONE HOME WHEN YOU
ARRIVE IN NEW YORK TO MAKE PLANS FOR YOUR WIFE TO MEET YOU AT
AIRPORT IN WASHINGTON UNQUOTE

KESTERTON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY: *Y.L. Chang*

NAME Y.L. CHANG

DEPT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EMK/

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Checked for Dispatch: _____

Chen



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

February 4, 1970

Dresdner Bank AG
Representative Office
60 Broad Street
New York, N.Y. 10004

Gentlemen:

Mr. Rotberg is presently out of the country and before leaving he requested that I write to you and express his regrets that he will be unable to attend the reception for Dr. Uhen on February 17. He asked me to thank you for inviting him and he sends his best wishes to Dr. Uhen.

Sincerely yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg



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

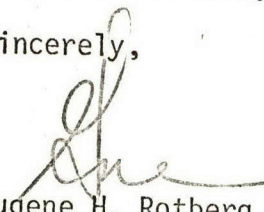
January 30, 1970

Mr. Charles D. Ellis
Vice President
Donaldson, Lufkin &
Jenrette, Inc.
140 Broadway
New York, N.Y. 10005

Dear Charley:

Thank you very much for your letter.
I would be delighted to have lunch with you
in the near future. As soon as things
settle down a bit here I will make arrange-
ments to come up and visit you on a Monday.

Sincerely,


Eugene H. Rotberg
Treasurer

Chen

D R A F T -- January 30, 1970
CHDavies/EHRotberg;mrk;emk

SSM MINUTE (JAN. 27)

THE FINANCIAL OUTLOOK

Mr. Rotberg reported that the Bank's liquid reserves amounted to \$1,850 million, a figure higher than had been expected because of an unpredicted slowing down of disbursements. There was likely to be a further increase of about \$100 million by the end of the fiscal year, chiefly because of prepayments of \$160 million on loans to Japan, but also because of projected borrowing before July 1, 1970. The yield on this \$1,850 million, at the moment 8.25%, would shortly rise to 8.40%. Less than \$75 million of U.S. agencies would mature between February 10 and June 30; the higher yielding agencies and time deposits would remain in the portfolio until 1971 or 1972. It was thus likely that the 8.40% yield could be maintained for a considerable period.

An important question was whether the Bank could maintain the current level of its cash balances. Incremental funds could be invested ~~for 2 or 3 years at 8.50 -- 8.60%, or placed in time deposits at 9.5%.~~ The Bank had recently invested substantial funds for 5 years at 8-7/8%. The pricing that day of a AAA Bell Telephone issue to yield 8.80% to the purchaser (and a higher cost to the borrower) meant that the Bank could hardly hope to do much better in the U.S. market. Nonetheless, for up to five years it would pay the Bank to borrow dollars in the United States, or borrow other currencies and to conserve its dollars if those dollars could be retained in its liquid portfolio. From this

point of view, roll-overs, such as with the Bundesbank, had the same effect on profits as borrowing new money.

Bank loans outstanding currently earned interest at an average rate below 6%. The average return on incremental disbursements would steadily rise from the current 6.15% to 7%, the current lending rate. The average return on the Bank's portfolio was 8.25%; thus, for every incremental \$100 million disbursed the Bank's profits fell off no more than \$2-2.5 million.

It tentatively could be concluded that the Bank could maintain the current "negative spread" between the lending rate and the cost of incremental borrowing without a fall of profits. Indeed, in view of the \$3.5 billion base of capital and retained earnings, profits were likely to increase.

Chron



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

January 30, 1970

Mr. Charles A. Coombs
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Coombs:

I am sending you herewith Document
No. R70-8 which was approved by our
Executive Directors in connection with
our proposed borrowing from the Deutsche
Bundesbank.

Sincerely,

Eugene H. Rotberg
Eugene H. Rotberg
Treasurer

Enclosure: 1



Record Removal Notice



File Title Eugene H. Rotberg - Chronological Records - Volume 03 - January - June 1970		Barcode No. 1858106		
Document Date January 30, 1970	Document Type Letter			
Correspondents / Participants To: Mr. Ernst vom Hofe, Executive Director for Germany From: Eugene H. Rotberg, Treasurer				
Subject / Title [Reply to social invitation]				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		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 K. Brenner-Delp</td><td>Date June 26, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 26, 2025
Withdrawn by K. Brenner-Delp	Date June 26, 2025			

Chern

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

DATE: January 30, 1970

FROM: Edith M. Kesterton *EMK*SUBJECT: Future Movements

This is to advise that Mr. Rotberg's tentative travel plans are as follows:

- (1) He will be in Tokyo for the first week of February.
- (2) He will address the Bond Club of Los Angeles on Thursday, February 12, and will moderate a symposium on Saturday, February 14, in San Diego at the 1970 Mutual Funds Conference.

EMK/

OFFICE MEMORANDUM

TO: Mr. Aron Broches

DATE: January 29, 1970

FROM: Eugene H. Rotberg *ER*SUBJECT: Japanese Borrowing

1. We borrow 36 billion yen.
2. We convert 36 billion into \$100 M (360 rate).
3. We enter into agreement with Bank of Japan whereby they agree to purchase up to \$100 million from us for a period of 3 months in yen at a 360 rate.
4. We invest \$100 million in U.S. Treasury Bills.
5.
 - (a) We disburse dollars to U.S. suppliers and charge the borrower yen at market rate by selling dollars for yen and then converting these yen back into dollars. Our agreement in 3 above is reduced in the same amount.
 - (b) We disburse yen to Japanese suppliers by selling dollars and purchasing yen in Japan and charging borrower yen at market rate. Agreement in 3 also reduced.
 - (c) We disburse deutsche mark to German suppliers by selling dollars for yen and selling yen for D mark. We charge borrowers yen/D mark rate. Agreement on 3 also reduced.
6. At end of 3 months we will have sold all \$100 million dollars for yen and will have disbursed or sold all yen.
7. Borrowers will owe us 36 billion yen.

Query: (1) Can we charge borrowers yen in transaction 5(a), (b), (c)? Note that in 5(a) we already hold the dollars we must disburse. While it is correct that we often charge borrowers, say, DM to purchase dollars, even though we hold dollars, can we sell dollars to purchase another currency (the currency to be charged) and buy dollars back again?

Mr. Prins: (2) Exactly where and how are the transactions 5(a), (b), (c) consummated? What are procedural or operational difficulties, if any?

cc: Messrs. Aldewereld, Y.L. Chang, Prins

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cc: Messrs. Aldewereld, Y.L. Chang, Prins

OFFICE MEMORANDUM

Chron.

TO: Mr. William Clark

DATE: January 29, 1970

FROM: Eugene H. Rotberg

SUBJECT: • Luncheon Address at the Los Angeles Bond Club

I have been asked to give a luncheon address at the Los Angeles Bond Club. The audience basically will consist of top bond men from U.S. brokerage firms. I would like to have three main themes:

- (a) Why the World Bank should be supported. This would basically include the intellectual or moral or humanitarian aspects why buying World Bank bonds should reasonably satisfy one's guilt feelings and avoid the necessity for any further therapy;
- (b) The financial strength of the Bank. This part should analyze the Bank in exactly the opposite terms, i.e. from the point of view of its profits, retained earnings, cash position, overall financial strength and procedures for assuring maximum utility of high priority aid. The audience should feel that the Bank is too conservative; maintains an exorbitant lending rate; makes unconscionable profits, etc.
- (c) Analysis of the U.S. capital markets. This part is designed to talk the language of the Bond men; it would describe tightness of money; the enormous demands for debt in the United States (public and private); demands of bilateral aid and political pressure for it; demands for housing in the United States and the constant erosion of debt, ^{purchases} by major financial institutions in their shift to equity to stay ahead of inflation.

I am enclosing a speech that I gave in Toronto, which might be updated in terms of the financial statistics, and a speech that Siem Aldewereld recently gave in Germany. Could we put the two together and add the necessary information re the U.S. capital markets. I will be back in this country on Monday, February 9. I must leave Wednesday night to give the speech. Can I have a draft, therefore, on Monday, February 9.

Attachments: 2

Chron

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DATE: January 29, 1970

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Attachments: 2

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT*Chrom*
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: JANUARY 29, 1970

CLASS OF
SERVICE: FULL RATE

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. HITOSHI YUKAWA DIRECTOR FOREIGN DEPARTMENT
MESSRS. ARON BROCHES GENERAL COUNSEL AND EUGENE ROTBERG TREASURER
OF WORLD BANK LOOK FORWARD TO MEETING WITH YOU AT BANK OF JAPAN
TOKYO AT TEN AM TUESDAY FEBRUARY 3 STOP KINDEST REGARDS TEST 433

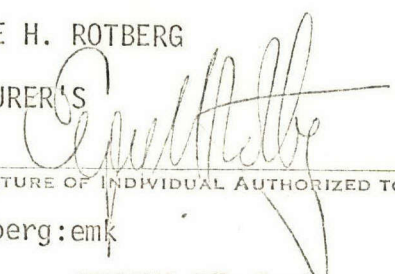
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Broches

For Use By General Files and Communications Section

Checked for Dispatch:



Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106
Document Date 28 January, 1970	Document Type Letter	
Correspondents / Participants To: Mrs. N. Levin From: Eugene Rotberg		
Subject / Title Tay Sacks Town		
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 July 17, 2024</td></tr></table>
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024	



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

January 28, 1970

Dear John:

I am enclosing a short resume of
my educational and business background.

I look forward to seeing you on Thursday,
February 12.

Sincerely,


Eugene H. Rotberg
Treasurer

Mr. John B. Callery, Jr.
President and Director
The Bond Club of Los Angeles
Room 1104-210 West Seventh Street
Los Angeles, California 90014

Enclosure

Chen

10822 Childs Court
Silver Spring, Md.
20901

January 28, 1970

Dear Bessie:

I was most saddened to hear of Joe's death. I had not thought of him as being 78 years old and it was, therefore, even more upsetting to me. I think of you and Joe with most happy and pleasant feelings and hope that the good feelings of his friends and relatives towards both of you make you feel somewhat better.

I saw Helene a few weeks ago. She is as charming and beautiful as ever. Iris and I both send our love and sympathy.

Love,

Gene
Cousin Gene

Mrs. Bessie Milgrim
c/o Bob Milgrim
1219 Woodbine Avenue
Penn Valley, Pennsylvania

Bessie

C/o Bob Milgrim

1219 Woodbine Ave.

Penn Valley, Pa.

Tellie Hahn

PennWyane Apts.

Byrd Hawk Ave.

Phila., Pa.

Chron

10822 Childs Court
Silver Spring, Md.
20901

January 28, 1970

Dear Tillie:

I have just come back from out of the country and heard about Max's death. I think of Bessie & Tillie and Max & Joe often when I recollect about our "Cousins Club" and Philadelphia days. Iris and I extend our sympathy for the loss of a good man who cannot be replaced in our recollections. I hope you can get some sustenance by realizing that Max was a most kind man and everyone knew it.

Love,


Cousin Gene

Mrs. Tillie Hahn
Penn Wynne Apartments
Bryn Mawr Avenue
Philadelphia, Pennsylvania



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

January 28, 1970

Hotel del Coronado
Coronado, California

Attention: Mr. Vincent Lyons
Assistant Manager

Gentlemen:

Receipt is acknowledged of the Confirmation of Room Reservation for me at your hotel in February when I will attend the 1970 Mutual Funds Conference.

Please note that I will arrive on Wednesday, February 11, instead of February 10. Would you please amend your records accordingly.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron
I spoke to
Mr.
Lyons

and told
her E.H.
would arrive
afternoon of
the 12th
or early
evening.

Kessie

2/9/70.



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

January 27, 1970

Dear David,

I was delighted to learn that you have now joined the Schroder Group in New York as a Vice President of Schroder, Rockefeller & Co. Incorporated. Please accept my congratulations and good wishes for your continued success.

Best regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eugene H. Rotberg", is positioned above the typed name.

Eugene H. Rotberg
Treasurer

Mr. D. B. Gill
Vice President
Schroder Rockefeller
& Co., Incorporated
61 Broadway
New York, N.Y. 10006

OFFICE MEMORANDUM

Chron.

TO: Mr. Robert S. McNamara
FROM: Eugene H. Rotberg *EHR*
SUBJECT: Central Bank Issue

DATE: January 27, 1970

Attached is a schedule showing some additional information concerning our Central Bank issue.

(1) You may note that, although there is an increase of \$47.9 million over the roll-over, we are seeking to raise approximately the same amount of funds as we actually raised on our last issue. The foreign exchange holdings of important Central Banks, other than Germany, France and Italy, have improved. As you know, in the last two issues, we raised \$75 million and \$92 million respectively over the roll over amounts. This offering contemplates an increase of \$50 million during a period of considerably improved international monetary stability.

(2) I would recommend that we advise the Executive Directors: (a) that they may wish to notify their governments informally of the contemplated offering and (b) that senior officials of the Bank may also make such contacts and, if so, will coordinate their efforts with the Executive Directors so as to avoid duplication.

(3) I suggest that specific contacts be made by the Bank staff at least to the countries designated in the attachment. In those cases, I suggest that the designated individual advise the Executive Director that he will send a letter. The countries I am most concerned about are Argentina, Italy, Japan, Libya, Saudi Arabia and Singapore. With the exception of Japan, these countries have shown a leveling off (Singapore) or deteriorating foreign exchange reserves and we project substantial amounts from them. I mention Japan because they may decide to support the Bank only through the bond issue rather than through the Central Bank issue.

(4) A form letter setting forth the details of the offering is being prepared and can be expanded or personalized as appropriate for the staff contact.

Attachment

cc: Mr. Aldewereld
Mr. van Saagsvelt

Chronis



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

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Eugene H. Rotberg
Treasurer

Mr. D. B. Gill
Vice President
Schroder Rockefeller
& Co., Incorporated
61 Broadway
New York, N.Y. 10006

Chron

Bell Telephone new issue

Coupon 9% winning bid 101.28

price to public 102.2

yield 8.80%

40 years

Ind. Inc.

M R. CHANG THINKS YOU SHOULD KNOW
ABOUT THIS.

Kessie

1/27/70



Chron

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 - INTBAFRAD

January 27, 1970

Union Bank of Switzerland
45, Bahnhofstrasse
8021 Zurich
Switzerland

Gentlemen:

This is in reply to your letter of January 14, 1970, your reference Coupons wo 2274, concerning the payment of three coupons all due July 1, 1964 from Bonds Nos. 14652/4 of our 3-1/2% Bonds of 1953, due July 1, 1968. You are hereby authorized to pay these coupons regardless of the fact that the period of prescription provided in the bonds has expired. It should be understood that this does not establish a precedent for future cases.

Sincerely yours,


Eugene H. Rotberg
Treasurer



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

Chron
January 27, 1970

Miss Selma Arnold
Legal Editor
Practising Law Institute
1133 Avenue of the Americas
New York, N.Y. 10036

Dear Miss Arnold:

I am returning a marked-up copy of the transcript. I have also had some pages retyped because the changes made were quite extensive.

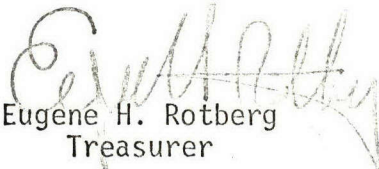
I would prefer to believe that the stenographer did not have one of her better days, but I am enough of a realist from past experience to admit that I was inarticulate as it appears on paper. As a result, my suggested changes are quite extensive. I hope you can read my handwriting.

One further point: I do not understand why the Practising Law Institute persists in listing me as a staff member of the Securities and Exchange Commission. It was incorrectly printed in the brochure for the proceeding and was a matter of some embarrassment. And, although the directors of the program corrected the error at the meeting, I note again that you state in your covering letter of January 23, 1970 that my name will appear (again incorrectly) as "Division of Trading & Markets, Securities and Exchange Commission." I wish to advise you again that it should be referred to as follows:

EUGENE H. ROTBERG, Esq., Treasurer, World Bank (Washington, D.C.).

Thank you for your courtesy.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosure



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

January 27, 1970

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Practising Law Institute
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Sincerely,


Eugene H. Rotberg
Treasurer

Enclosure

OUTGOING WIRE

TO: DELESSEPS
INTBAFRAD
PARIS

DATE: JANUARY 21, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (FRANCE)

TEXT:

Cable No.: 80

PLANS CHANGED STOP I WILL ARRIVE SOMETIME IN EARLY MORNING STOP
YOU SHOULD PLAN ALSO TO ATTEND BOTH DAYS

ROTBERG

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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Checked for Dispatch:

Chion.



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

January 21, 1970

Mr. William C. Freund
Vice President and
Economist
New York Stock Exchange
Eleven Wall Street
New York, N.Y. 10005

Dear Bill:

It was a delight speaking to your
Long-Range Planning Conference. It was
my pleasure. My attendance was "pro
bono publico". There are, therefore, no
incidental expenses. All the incidental
pleasures were mine.

Best regards


Gene Rotberg

OUTGOING WIRE

TO: MR. S. ALDEWERELD

DATE: JANUARY 21, 1970

c/o INTERCONTINENTAL HOTEL

CLASS OF ~~TELEX~~
SERVICE: ~~XXXXXXXX~~
FULL RATE

FRANKFURT MAIN

COUNTRY: (GERMANY)

TEXT:
Cable No.: (ONE)

FOR
APPROVAL GIVEN/ LATE FEBRUARY EARLY MARCH STOP

APPROVAL ALSO GIVEN FOR 175 M CB OFFERING

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *Eugene H. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:bb

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____

OUTGOING WIRE

TO: DELESSEPS
INTBAFRAD
PARIS

DATE: JANUARY 21, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (FRANCE)

TEXT:
Cable No.: 80

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NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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For Use By General Files and Communications Section

Checked for Dispatch:

Chron.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg

SUBJECT: Central Bank Issue

DATE: January 21, 1970

I suggest we make the following points in our discussions with the Executive Directors re the Central Bank issue:

1. For fiscal year 1970 through fiscal 1974 inclusive the Bank must borrow about \$3.3 billion net and \$6.1 billion gross. This projection assumes commitments rising from a level of \$1600 million for this fiscal year to \$2200 million through fiscal 1974. This lending program is not extravagant and can be readily absorbed by member countries.

2. If the Bank borrows these amounts by the end of fiscal 1974 its cash and liquid securities will, nonetheless, be down by some \$500 million as compared to fiscal 1969.

3. By fiscal 1974 our undisbursed loans will be close to \$6 billion as compared to the present level of approximately \$3 billion.

4. Thus, our cash position, vis-a-vis, our undisbursed loans will have deteriorated over the next 5 years, even assuming the substantial borrowing outlined above, from _____% of our undisbursed commitments to _____%.

5. The period after 1974 shows substantially larger net and gross borrowings which only will start in 1980 to level off as loan repayments begin to accelerate.

6. The Bank should look to the resources of developed and developing countries who provide dollars by allocating a portion of their Central Bank reserves.

7. It cannot be expected that the United States can or should provide the bulk of the borrowed funds needed and, to the extent that the Bank can build up its Central Bank issues to something between \$700 million and \$750 million, it relieves pressure on interest rates throughout the world.

8. The Bank's borrowings in Germany will not approach those of fiscal 1969 and tight money and balance of payments difficulties throughout the rest of Europe make it difficult to be confident that we can raise the funds in the immediate future.

January 21, 1970

9. The Bank's real problem is not profits but resources. Our profits this year should exceed \$220 million and are projected to be substantial in fiscal 1971.

10. Even if we are to concern ourselves about profits more than resources, this increased borrowing is still justified as we are reasonably confident that the full cost of the borrowing in dollars can be immediately covered by simultaneous two-year plus investments in the United States.

11. If we were to offer only \$125 million it could result in an oversubscription over the roll over amount as it has in the last 3 offerings, and a resultant necessity to make allocations. In this connection in the past, I am advised, that some years ago certain countries did not receive their full subscriptions and, accordingly, lowered their requests in subsequent years.

12. If the Bank is to maintain a substantial IDA transfer and is to continue its planned lending program, it must maintain a cash position high enough to meet its lending commitments in the event the capital markets dry up (as distinguished from merely being expensive).

13. The interest rate will be somewhere between what Central Banks receive on Treasury obligations and what they can receive from U.S. commercial banks by depositing their dollars with them. It will be much closer to the rate they receive on U.S. Government obligations.

14. While, as a practical matter, we might "get away with" a low rate, it would seem unfair to ask the Central Banks to purchase poor yielding instruments (vis-a-vis for other opportunities merely because the World Bank has certain development relationships with its member countries).

15. To make an offering merely covering the roll-over not only would be financially imprudent in terms of our potential investment of the funds but would have an insignificant impact on the total debt service burden of the Bank. The extra \$50 million would add only \$_____ per year to our total interest obligations of \$_____.

16. Even if interest rates were to drop substantially in the next few years, it does not follow that we could raise these same funds from the Central Banks since (a) there is a limit that a Central Bank can take in a particular issue; and (b) it is not at all certain that approval from the U.S. Treasury would always be forthcoming in very large amounts merely because we had a relatively small amount in a prior year.

Chron

D R A F T

1/20/70

TO: Mr. Charles G. Goor

FROM: Eugene H. Rotberg

We have calculated the following interest rates:

Average interest on fiscal
year 1970 disbursements..... 6.51%

Average cost of funded
debt (interest on borrow-
ings over average funded
debt outstanding) for
fiscal year 1970..... 5.68%

Average return on loans
receivable for fiscal
year 1970..... 6.00%

Interest rate on undis-
bursed loans as of
November 30, 1969..... 6.38%

Cost of all funds (capital
plus debt) for fiscal 1970 ?

As you can see from the foregoing, the return on loans receivable which is now 6% will slowly go up since the uncommitted balance is already at 6.38% and with each succeeding commitment it will go closer to 7%. I do not know whether our cost of funded debt is rising more rapidly than our interest rate on loans receivable nor do I know whether all increasing cost of funded debt is being negated by the increased use of our capital and our income which is, in part, derived from that capital.

I would like to see a five-year summary (say 1965 to the present) which shows, by a line chart form, the average return on loans receivable,

average cost of funded debt, average cost of all funds. The chart should also contain a projection for the next five years under two different hypotheses:

- (a) Cost of new borrowings averaging 7-1/2% over 5 years and lending rate continuing at 7%; and
- (b) Cost of new borrowings averaging 7-1/2% for 5 years with lending rate set at 7%.

Assume further, calculating capital at 50% of net profits will go to IDA.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Chron

Mr. Rotberg

Message from Mr. Donald Cronin (in Larry
Parker's office at Morgan Stanley):

He wanted to bring you up to date on the bond market. The bond market is 1/4 point lower throughout the list - and a very quiet market.

The most important point is the reception of the Ford Motor Company issues:

- (a) The \$75 million long bonds have been very poorly received. Morgan Stanley's guess is that they are somewhere in the area of 40% sold - at a maximum.
- (b) The \$125 million short bonds are in fairly good shape. There are still a few around but not too many.

Kessie
1/20/70
12:30 P.M.

BANK OF CANADA
OTTAWA

JANUARY 20, 1970

TELEX

CANADA

PLEASE SELL AT BEST FOR SETTLEMENT JANUARY 22 \$3,000,000 FACE

VALUE TREASURY BILLS

TEST _____

INTBAFRAD

EUGENE H. ROTBERG
TREASURER'S

cc: Mr. Rotberg
Mr. Prins
Mr. Rutland
Miss Johnston

OUTGOING WIRE

TO: EDGAR PLAN
C/O ~~CLARCO~~ *CLAR GOLOW*
PARIS

DATE: JANUARY 19, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.:

ALDEWERELD AND ROTBERG WILL BOTH BE AVAILABLE WEEK OF FEBRUARY 16
PLEASE ARRANGE FOR SPECIFIC DATE AND TIME AFTER YOUR
ARRIVAL REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *Eugene H. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk:bb

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Chross

Eugene H. Rotberg
Treasurer

*International Bank for
Reconstruction and Development
Washington, D. C.*



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

January 19, 1970

Bank of Canada
Ottawa, Canada

Attention: Publications Department

Gentlemen:

Receipt is acknowledged of the publication which you recently sent titled "Remarks of Louis Rasminsky, Governor of the Bank of Canada, at the Business Outlook Conference of the National Industrial Conference Board, Toronto, October 23rd, 1969". Would you please change your mailing records to reflect that Mr. Eugene H. Rotberg is the Treasurer of the International Bank for Reconstruction and Development. Please delete Mr. Cavanaugh's name.

Very truly yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg



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

January 19, 1970

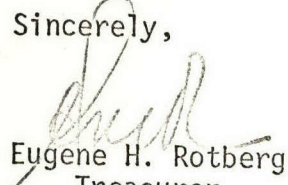
Mr. W. P. Wilder
President
Wood Gundy Securities Limited
36 King Street West
Toronto 1, Ontario, Canada

Dear Bill:

Our Annual Meetings this year in
Copenhagen will be held from September 21
through September 25.

I look forward to seeing you again
in the not too distant future. Best wishes
for a happy year.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron.

The establishment of Special Drawing Rights with the International Monetary Fund should provide increased liquidity for the financing of international trade. We hope that this increased liquidity will provide a further basis for your being able to allocate a portion of your dollar reserves to the purchase of World Bank bonds.

ENR

1/19/70

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 16, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.:

67
ATTENTION DELESSEPS
RE OECD CAPITAL MARKETS COMMITTEE OF EXPERTS MEETINGS OF JANUARY 22
AND 23 STOP I WILL ARRIVE ON MORNING OF JANUARY 23 STOP REGRET
I CANNOT ATTEND JANUARY 22 SESSION STOP YOU ARE TO ATTEND IN MY
ABSENCE ON JANUARY 22 AS OBSERVER IN ACCORDANCE WITH MCNAMARAS
LETTER AS MY ALTERNATE STOP EXPRESS MY REGRETS FOR MY HAVING TO
MISS FIRST DAY OF MEETING

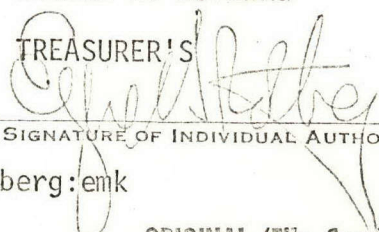
ROTBURG

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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Record Removal Notice

File Title Eugene H. Rotberg - Chronological Records - Volume 3 - January - June 1970		Barcode No. 1858106
Document Date 16 January, 1970	Document Type Letter	
Correspondents / Participants To: Internal Revenue Service Center From: Eugene Rotberg		
Subject / Title Joint Federal Income Tax Return		
Exception(s) Personal Information		
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 July 17, 2024</td></tr></table>
Withdrawn by Tarsica Morgan-Taylor	Date July 17, 2024	

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 16, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.:

67
ATTENTION DELESSEPS
RE OECD CAPITAL MARKETS COMMITTEE OF EXPERTS MEETINGS OF JANUARY 22
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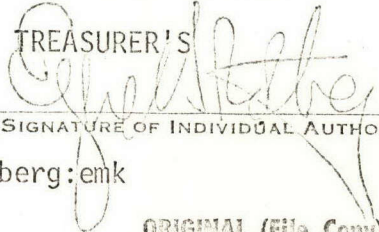
ROTBERG

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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

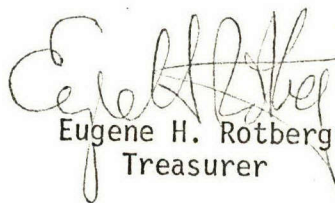
January 16, 1970

Prof. Dr. D. C. Renooij
and
Dr. A. Batenburg
Managing Directors
Algemene Bank Nederland N.V.
Amsterdam, The Netherlands

Dear Professor Renooij and
Dr. Batenburg:

Thank you very much for sending me
the delightful recording of Mozart's
Serenades. Mozart has always been a
great favorite of mine and your thought-
fulness is appreciated.

Sincerely,


Eugene H. Rotberg
Treasurer

OUTGOING WIRE

TO: NOTENBANK
FRANKFURTMAIN

DATE: JANUARY 16, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (FEDERAL REPUBLIC OF GERMANY)

TEXT:
Cable No.:

ATTENTION MR. TUENGELER

IN ACCORDANCE WITH OUR TELEPHONE CONVERSATION WE CONFIRM HERewith THE
FOLLOWING:AAA SUBJECT TO NORMAL APPROVAL OF OUR EXECUTIVE DIRECTORS WE WILL BORROW FROM YOU
ON FEBRUARY 1, 1970 DM 247,000,000 AT INTEREST RATE OF 8.375 PERCENT, PAYABLE
SEMIANNUALLY; MATURITY AUGUST 1, 1974;BBB WE WILL DELIVER ON FEBRUARY 2, 1970 ONE NOTE IN THE PRINCIPAL AMOUNT OF
DM 247,000,000 DATED FEBRUARY 1, 1970 TO FEDERAL RESERVE BANK OF NEW YORK FOR
YOUR ACCOUNT;

CCC ON FEBRUARY 2, 1970 YOU WILL CREDIT OUR ACCOUNT WITH YOU WITH DM 247,000,000;

DDD ON FEBRUARY 2, 1970 WE WILL PAY TO FEDERAL RESERVE BANK OF NEW YORK IN FAVOR
OF YOUR ACCOUNT \$32,000,000 AND YOU WILL DEBIT ON THAT DATE OUR ACCOUNT WITH
YOU WITH DM 50,000,000, BEING THE PRINCIPAL AMOUNT OF MATURING NOTES HELD

(CONTINUED ON PAGE 2)

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO:

DATE:

CLASS OF
SERVICE:

COUNTRY:

TEXT:

Cable No.:

PAGE 2

BY YOU;

EEE ON FEBRUARY 2, 1970 FEDERAL RESERVE BANK OF NEW YORK WILL DELIVER TO US
\$20,000,000 FOUR AND ONEQUARTER PERCENT NOTES DATED FEBRUARY 1, 1965,
MATURING FEBRUARY 1, 1970 AND YOU WILL TRANSMIT TO US \$12,000,000 AND
DM 50,000,000 PRINCIPAL AMOUNTS OF TEMPORARY CERTIFICATES OF 1960, MATURING
FEBRUARY 1, 1970;

FFF WE WILL COMMUNICATE WITH DEUTSCHE GIROZENTRALE REGARDING PAYMENT TO THEM OF
MATURING DM 80,000,000 PRINCIPAL AMOUNT OF 4-1/4% NOTES HELD BY THEM STOP
WE EXPRESS OUR SINCERE APPRECIATION FOR YOUR AGREEMENT TO RENEW BORROWINGS
STOP REGARDS TEST 1717

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

WMvanSaagsvelt/EHRotberg:emk

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Cleared with and copies to:

Mr. Aldewereld
Mr. Eigen

Mr. Rotberg
Mr. vanSaagsvelt

Ms. Seely *Ms. Puri*
For Use By General Files and Communications Section

Checked for Dispatch: _____

OUTGOING WIRE

TO: NOTENBANK
FRANKFURTMAIN

DATE: JANUARY 15, 1970

CLASS OF
SERVICE: TELEXCOUNTRY: FEDERAL REPUBLIC OF
(GERMANY)TEXT:
Cable No.:

ATTENTION MR. TUENGELER

REFERENCE BORROWINGS OF WORLD BANK FROM DEUTSCHE BUNDESBANK OF \$32 MILLION AND
DM 130 MILLION BRACKET OF WHICH DM 80 MILLION HAS BEEN SOLD TO DEUTSCHE
GIROZENTRALE BRACKET ALL MATURING FEBRUARY 1, 1970 STOP WE EXPRESS OUR SINCERE
APPRECIATION FOR YOUR AGREEMENT TO RENEW BORROWING STOP IN ACCORDANCE WITH
OUR TELEPHONE CONVERSATION WE AGREE TO PAY YOU 32 MILLION DOLLARS AGAINST
BORROWING FROM YOU DM 117 MILLION AND TO RENEW 50 MILLION DEUTSCHEMARKS WITH
YOU AND 80 MILLION DEUTSCHEMARKS WITH DEUTSCHE GIROZENTRALE IF THEY AGREE COMMA
OR IF GIROZENTRALE IS UNABLE TO RENEW PLEASE INFORM US WHETHER YOU COULD RENEW
FULL MATURITY OF DM 130 MILLION STOP WE AGREE TO NEW MATURITY OF AUGUST 1,
1974 STOP U.S. TREASURY NOTES MATURING AUGUST TO NOVEMBER 1974 NOW YIELDING
8.05 TO 8.19 PERCENT STOP U.S. AGENCIES COMMA NOT GUARANTEED BY U.S. GOVERNMENT
COMMA YIELDING BETWEEN 8.11 AND 8.19 PERCENT FOR SIMILAR MATURITY STOP WE
SUGGEST FOR YOUR CONSIDERATION SUBJECT TO NORMAL APPROVAL OF OUR EXECUTIVE DIRECTORS
A RATE OF 8.375 PERCENT STOP REGARDS

TEST 1346ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

*See Bal
of Payable Debit
for Attachment*

Mr. Aldewereld

Siem:

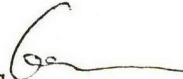
Note the ballooning of our over one-year investments in 1969. Obviously, we cannot repeat this in 1970. I project that we will be unable to increase it at all. This is because I project that we will disburse \$900 million in calendar 1970. In order to hold our cash position at its present level, we will probably have to borrow, say, \$600 million net. If \$300 million of this sum comes from the United States, we will have to disburse an equivalent amount of dollars in order to stay even on our cash position. I estimate that of the \$300 million of new money we will probably receive \$150 million. If anything, therefore, It is likely that we will have less one-year holdings at the end of the year than we now have, depending of course on a non-U.S. borrowing. In the

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

attached table we have assumed an 8%
yield on \$1.5 billion and about a 50%
delivery in calendar 1970 of \$300 million
borrowing.

Gene Rotberg 
January 14, 1970

Attachment

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

DATE: January 14, 1970

FROM: Eugene H. Rotberg *E. Rotberg*

SUBJECT: U. S. Borrowings

Present:

For the U. S. Treasury

Bruce MacLaury
Ralph Hirschtritt
E. J. Geng;
J. Randall

For the World Bank

Robert E. Wieczorowski
Emmet J. Rice
I. S. Friedman
Lester Nurick
Eugene H. Rotberg

Place: U. S. Treasury

Date of Meeting: Friday, January 9, 1970.

Mr. Friedman opened the meeting by explaining that the Bank's underwriters recommended that the Bank make a long-term public bond issue in the United States in February. The purpose of the meeting was to advise the Treasury that the Bank was prepared to make this offering and to answer any questions that the Treasury had in connection with our obtaining Treasury approval of the issue. Mr. MacLaury asked, first, what considerations had been given to the present U. S. Balance of Payments situation, and second, what the considerations were in deciding to make an issue at this time rather than later in the year.

I explained that as far as Balance of Payments considerations were concerned, the Bank in the past - December 1968 - had assured the Treasury that it would invest the proceeds of a contemplated bond issue, as well as prior designated issues so as to avoid impact on the U.S. Balance of Payments. I explained that as far as the Bank's cash position was concerned we could renew that commitment and also "lock up" the proceeds of this issue (which we expected to be in the sum of \$150 million) for some agreed length of time. I explained that we did not go forward with the issue discussed in December 1968 and January 1969 though approval had been given by the previous Secretary of the Treasury. I pointed out that it was my understanding that Mr. McNamara had discussed the matter at that time with Secretary Kennedy.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 2 -

Jan. 14, 1970

SUBJECT: I also noted that as of December 1968, goods and supplies for Bank projects which were designated as originating in the United States was more than twice the amount of bond issues raised by the Bank in the United States.

I summarized briefly our recent borrowings, and specifically the Bank borrowings in Germany: For Calendar 1968 DM 1,070,000,000, net (DM 1,575,500, gross). For Calendar 1969 DM 800,000,000, net (DM 1,380,000, gross). Our last borrowing in the U. S. had been in October 1968. For FY 1969, the Bank borrowed five times as much outside the United States than inside the U.S. I pointed out that the Bank, in effect, for the last year was operating on Deutsche Marks, that is, our borrowings in Germany had been fully disbursed on loans permitting us therefore to accumulate substantial dollar resources. I also pointed out that the Japanese had recently prepaid \$160 million of their debt to the Bank thereby also increasing our resources and that we would endeavor to tap that market and other markets wherever possible.

Mr. MacLaury asked how much we needed to borrow this year. Inasmuch as the Treasury had previously been given a 10-year cash flow and balance sheet projections in connection with their consideration of a general increase in capital, I distributed copies of the same projections and explained their significance. I pointed out that the Bank had only borrowed \$112 million, net, this fiscal year. Whereas the projection showed a "target" of \$400 million, I noted that, in a sense, the \$400 million was an artifact of the programming which was geared to project the amount of net borrowing required to maintain the same net cash position as the prior fiscal year and that the low disbursements on new commitments produced an artificially low net borrowing figure. This could be seen by examining the borrowing requirements over the next 4 to 5 years and thereafter. I pointed out that if the Bank borrowed \$650 million, net, a year, in five years it would still have a considerable drop in its cash position and that cash position (and, indeed, even in July 1970) vis-a-vis undisbursed loans, would be substantially lower than 6 months or one year ago. I said this projection was not based on an extravagant commitment program, i.e., an increase of from about \$1500 million at present going up to \$ 2200 million for Fiscal Year 1974. It was therefore important for the Bank to borrow, if it were to meet this kind of very reasonable lending commitments.

We were asked whether our requirements could be met again in Germany this year and whether we had contemplated the weakness in the German markets in November 1968. I said that if the Bank could borrow 150 to 200 million dollars in Germany this calendar year, it would be doing quite well and that we expected that after revaluation there would be a substantial liquidity squeeze (which has developed) because the long-term capital exports had been financed in large part with short-term Bank deposits and the liquidation of these bonds would have to be absorbed by the banking system. Nevertheless, I told MacLaury that we expected to borrow in Germany and hoped that Germany would soon start to build up reserves. In answer to a question, we noted that in view of our substantial need for resources the borrowings in the U.S. would not cause us to forego borrowing in Japan, Germany and/or anywhere else. Mr. Hirschtritt said that for U.S. Balance of Payments purposes it would be far better for us to borrow only in Germany for expenditures for U. S. goods and services.

Mr. MacLaury asked our approximation of the percentage of Bank's overall borrowing requirements which would have to be met in the U.S. I told him I did not know and could not have predicted that Bank could have built up its cash position and disbursed at a rate of \$800 million without having borrowed in the U.S. for 15 months. I explained that we would seek to borrow wherever we could; that we hope to borrow in Japan, increase our Central Bank issue somewhat, look to tapping Middle East resources, borrow in Germany, perhaps The Netherlands, maintain our inquiries to Italy, etc., but that it was simply not possible to assure how much of these funds were forthcoming in the next year or 18 months - though I expected that 50% of this year's borrowing would be outside the United States.

Mr. MacLaury asked whether or not we will seek another borrowing in the U.S. later this year. I said it was quite possible, depending on the market and the availability of resources elsewhere.

Mr. Geng (who is now in charge of Debt Management for the U.S. Treasury) raised the question whether we had concluded that the market had reached the bottom (in yield), i.e., were we being pressured by our underwriters. I explained that the Bank's problem was resources, not profits, and that if the interest rates did continue to go down thereafter, we might seek to borrow again, assuming that savings in the U.S. continued to grow and were available for debt instruments.

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 4 -

Jan. 14, 1970

Geng expected that the late January and early February calendar would be quite heavy with offerings.

Mr. Friedman said that though our borrowing needs were considerable it was not a question of needing funds to stay liquid but rather one of having enough resources to continue our projected lending program. He also noted that the amount of money we were talking about is not substantial in the context of overall savings in the United States and our borrowing was clearly deflationary borrowing in that the funds would not be available to the industrial segment for financing new plant and equipment expenditures.

There was considerable discussion on whether the market was "right" at this time or not, and whether we should seek a long-term issue. MacLaury said after considerable discussion that this was a matter for the Bank's internal financial management and that they (Treasury) were only asking questions to become informed of our views on the subject. He also said vis-avis Balance of Payments considerations that the U.S. Treasury had been relaxing formal arrangements assuring investments of one-year maturity, etc. and leaving to normal economic pressures where the funds could be used, though he could give no commitment at this time. Mr. Nurick pointed out that if Treasury were not to ask for specific Balance of Payments representation and permitted us to use our discretion we should have to change the wording of the prospectus which referred to a specific commitment to the U. S. Treasury.

Mr. Hirschtritt said that our investments in the United States really were occasioned by our own best interests since we have decided to "lock up" high interest rates over one-year maturity and not because the Treasury asked us to. I told him that was not completely so since it always is a close question whether we should reject 10-1/2% - 11% for 3 months in favor of 8-1/2% for 2-1/2 years. Hirschtritt wanted to know how much "excess" we have invested over our commitments to the United States and we again explained that we were able to conserve dollars in view of our German borrowing. (We did not give him a figure though subsequently we have reported that "excess" - \$370 million.)

It seems that in the meeting there were two main streams of thought going through the discussion. One was whether the Bank was going to market too quickly, i.e., whether it would be preferable for the Bank to wait for the rates to drop further. (My view is that the United States Treasury might be concerned that if we have to pay 8.50 there might be some pressure for increasing our lending rate, though I emphasize that nothing was said on this point.) Second, there appeared to be concern as to the extent to which the United States would have to supply funds over the next several years vis-a-vis other sources of borrowing. There were a number of questions on whether we will borrow in Italy, Japan, etc. which seemed to reflect a concern that although we had not borrowed in the U.S. for

Mr. Robert S. McNamara
Mr. S. Aldewereld

- 5 -

Jan. 14, 1970

well over a year we were about to change that situation, perhaps immoderately. While we assured the Treasury that our U.S. borrowings will not take the place of outside borrowings, I pointed out that the issues raised had posed somewhat of a dilemma: if the Bank could borrow substantially outside then we did not have to borrow in the U.S. On the other hand, if we could not borrow outside the U.S., then the full resources required would be supplied by the U.S. I pointed out that neither of these two extremes are likely situations and the fact was that we look forward to borrowing something like 50% of our funds outside of the United States in the immediate future through German issues, Japanese borrowings, Central Banks, etc. We believed that when the market is strong in the United States it was appropriate that we tap that market.

Mr. Friedman pointed out that the Bank could not expect to act as a major development institution in the context of an absence from the U.S. market. The Treasury representatives said that the reason for the questions was for a better understanding of our requirements and that they would answer us before the end of this week - January 16.

Mr. Wieczorowski asked if we had considered a borrowing other than through a long-term issue. I explained that the long-term issue had a 12-1/2 year call protection and delayed delivery features, which made it attractive at this time. I explained however that the staff had studied all possibilities and it seemed appropriate to bring forth this issue at this time. We would be pleased to have Treasury views. I noted that in the next several years the Bank would probably offer somewhat mixed maturities in the United States depending upon who had funds available and for what maturity though a decision on short financing would be premature at this time.

While this memorandum may give a somewhat negative tone to the meeting, it was a cordial and open one. I think the questions were asked basically to establish some policy guidelines for the U.S., specifically: how much the Bank needed and how much would the United States likely be asked to contribute.

Chen.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. S. Aldewereld

FROM: Eugene H. Rotberg

SUBJECT: Portfolio Yields: December 31, 1969

DATE: January 14, 1970

Attached is the December 31 statement of our portfolio yields. In view of the indefiniteness of the renewal of our debt to the Bundesbank on February 1 and the high short-term yields in Germany, we invested the Deutsche marks (and Swiss francs) received from Japan through February 2. We are now disbursing dollars quite quickly. As of today we have \$35 million in Treasury Bills. If we do not have a borrowing in Germany in February, we will sell our agency holdings or take down and disburse our time deposits when they mature. I estimate, based on the interest received on our incremental disbursements versus the average yield of our dollar investments, that drawing down our cash position by disbursing dollars will affect our profits by about \$2 million per \$100 million of disbursements.

Since the date of the report, we have rolled over time deposits of \$21 million from 7-7/8% to 10% and have made a commitment to purchase \$100 million of U.S. Government guaranteed Farmers Home Administration Notes in early February. These could yield 9% for 5 years. The funds for the latter purchase will be derived from delayed deliveries of our bond issues and maturing FNMAs.

Attachment

Chron

OFFICE MEMORANDUM

TO: Mr. Lester Nurick
Mr. Hugh N. Scott

FROM: Eugene H. Rotberg

SUBJECT: Los Angeles Bond Club Address

DATE: January 12, 1970

I received an invitation to speak before the Los Angeles Bond Club on December 9 while attending the Investment Bankers meetings in Boca Raton from Mr. John B. Callery, Mitchum, Jones & Templeton, who is the Vice President and Director of the Bond Club. I told Callery I would be pleased to speak to the Bond Club and that he should send me a confirming letter. See attached letter dated December 24.

On Monday, January 5, Mr. McNamara and Mr. Aldewereld advised me of a conversation that Mr. McNamara had had with First Boston that morning in which Pattberg recommended that we make a bond offering in February. On Thursday, January 8, Larry Parker of Morgan Stanley called me (it is Morgan Stanley's turn to be the managing underwriter) and recommended that we consider a bond offering in February. They had not previously discussed the matter with First Boston. As you know, our first appointment with the U.S. Treasury was on January 9.

Quite apart from the fact that we are exempt from the Securities Act of 1933, the invitation to speak and its acceptance was well before the first preliminary discussions of the public offering. I will, of course, clear the text of my remarks with you and, if you think it advisable, with the counsel for the underwriters.

Attachment



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

January 12, 1970

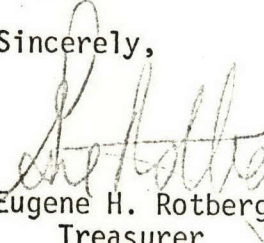
Mr. Gates M. Helms
Vice President
Bowne of New York City, Inc.
345 Hudson Street
New York, N.Y. 10014

Dear Mr. Helms:

Thank you for sending me copies of the
Securities Acts of 1933 and 1934 as Amended,
together with a copy of Form S-2. It was
very thoughtful of you to remember me.

Best wishes for a happy year.

Sincerely,


Eugene H. Rotberg
Treasurer

Chen

Dr. Oscar Alviar-Ramirez

January 9, 1970

Eugene H. Rotberg

Brazil's Position with IBRD and IFC as of December 31, 1969

Re: Cable dated January 7, 1970 from the Central Bank of Brazil.

The position of IBRD loans to and IFC investments in Brazil as of December 31, 1969 was as follows:

	<u>IBRD</u>	<u>IFC</u>
Loans/Investments (less cancellations)	\$633,034,660	\$41,170,884
Disbursements	348,906,246	34,024,421
Repayments (including repayments to participants)	150,089,137	4,674,750

CALiftiras/Metherate/bjh

cc: Mr. Rotberg ✓
Mr. Gabriel
Mr. Rutland

OUTGOING WIRE

1970 *Chson*TO: BANKHAUSES C. G. TRINKAUS
DUSSELDORF

DATE: JANUARY 9, 1970

CLASS OF
SERVICE: TELEX

COUNTRY: (GERMANY)

TEXT:
Cable No.:

ATTENTION COUNT LAMSDORFF

REUR TELEX JANUARY 8 I WILL BE IN NEW YORK TUESDAY JANUARY 13 STOP
CAN SEE MR. SCHLICHING IN NEW YORK UNTIL FOUR PM JANUARY 13 OR IN
WASHINGTON ON MONDAY JANUARY 12 UNTIL FIVE PM STOP I EXPECT TO BE
IN WASHINGTON WEDNESDAY, THURSDAY AND FRIDAY OF THAT WEEK STOP
BEST REGARDS

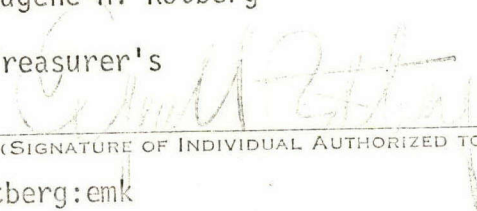
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene H. Rotberg

DEPT. Treasurer's

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch: _____

INCOMING CABLE

DATE AND TIME
OF CABLE:

JANUARY 8, 1970

331PM

LOG NO.:

RCA TELEX/8

TO:

ROTBERG INTBAFRAD

FROM:

DUSSELDORF

ROUTING

ACTION COPY: MR. ROTBERG

INFORMATION
COPY:

DECODED BY:

TEXT:

MR. SCHLICHING, CHIEF COUNSEL OF MY BANK, WILL BE IN NEW YORK
ON JANUARY 12, 1970. I WOULD BE VERY PLEASED IF YOU COULD
ARRANGE A MEETING IN WASHINGTON. MR. SCHLICHING WILL CALL
YOU TO ARRANGE THE TIMING. SINCERELY

LAMBSDTRFF/^TRINKAUSBANK

8811490 CG D

MPB

Eugene H. Rotberg
Treasurer

*International Bank for
Reconstruction and Development
Washington, D. C.*



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

January 8, 1970

Bankers Trust Company
Post Office Box 318
Church Street Station
New York, N.Y. 10015

Gentlemen:

Receipt is acknowledged of the copies of the Sixth edition of your publication titled "Washington Agencies that Help to Finance Foreign Trade". Thank you for sending these booklets. Would you please change your mailing records to reflect that Mr. Eugene H. Rotberg is the Treasurer of the International Bank for Reconstruction and Development. Please delete Mr. Robert W. Cavanaugh's name.

Very truly yours,

Edith M. Kesterton

(Miss) Edith M. Kesterton
Secretary to
Mr. Rotberg

Chron

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: JANUARY 8, 1970

CLASS OF
SERVICE: NLT

COUNTRY: (FRANCE)

TEXT:
Cable No.: 28

ATTENTION DELESSEPS REURLET DECEMBER 29 YOU MAY FORMALLY OFFER
PARTICIPATIONS AND SALES FROM PORTFOLIO TO YIELD SEVEN PERCENT
STOP MINIMUM MATURITY TWO YEARS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Y.L. Chang
Mr. Deely
Mrs. Seguin

For Use By Communications Section

Checked for Dispatch: _____



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

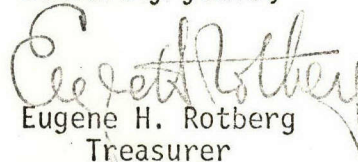
January 7, 1970

Instituto Nacional
de Electrificación
Relaciones Publicas
6a. Avenida 2-73, Zona 4
Ciudad de Guatemala
Guatemala

Gentlemen:

Thank you for your kind invitation to attend the inauguration ceremony of the Central Hidroelectrica Jurun Marinala on January 9, 1970. Mrs. Rotberg and I very much regret that we will be unable to be present on this auspicious occasion but appreciate your thoughtfulness in remembering us.

Sincerely yours,


Eugene H. Rotberg
Treasurer

10822 Childs Court
Silver Spring, Md.
20901

January 7, 1970

Dear Luba,

It was wonderful hearing from you. My best wishes for a happy year. As I may have told you before, I now hold the position of Treasurer of the World Bank. The World Bank, as you may know, is a multi-national institution engaged in providing economic aid to underdeveloped nations throughout the world. My work is challenging and satisfying.

Our winter in Washington has been mild so far - no significant snowfall. I think of you when I hear of the cold winters in Moscow and Leningrad. Iris and I look forward to visiting Russia again soon, perhaps in two years or so; we look forward to seeing you again.

I am enclosing a recent picture of our youngest daughter, Pamela, who is now five years old.

My very best,

A handwritten signature in dark ink, appearing to read 'Gene R.', written in a cursive style.

Eugene H. Rotberg

Miss Luba Shadhina
Rakova 7,
Leningrad
U.S.S.R.

Encl.

10822 Childs Court
Silver Spring, Md.
20901

January 7, 1970

Dear Ralph and Gillian:

Welcome home. By now you would have become accustomed to having a lovely child and adjusted to the trauma of having such responsibilities. In a sense, it is time-consuming and it ties one down to have a child but the satisfaction and rewards are enormous. I can't think of people who would be better parents.

Iris has just been appointed as a Consultant to the Office of Economic Opportunity to review research on child development, day care programs for working mothers, impact of minimum income transfers on families and their economic stability, etc. She got tired of doing abstract experimental research and decided to get into the swing of things and make a contribution. I have been somewhat depressed about the possibilities of solving the major problems of this country over the next seven years. I feel this is a reasonably productive time of my life and I can't contribute much from the sidelines during this Administration. I suspect, however, I would contribute even less if I were in it.

I am sure that Gillian is as beautiful as ever. Speaking of Gillian, Iris has lost 50 lbs. and looks like a young swinger. I'm afraid she's going to become a hippie -- which will be delightful. My travels take me to Europe often but rarely to Florida. I haven't had a vacation since I came here. Next time you come up let me know; if I can make arrangements to be in Florida we will get together.

I am enclosing a copy of remarks I made a few months ago. It gives an unduly flattering picture of what I do here.

Please keep in touch.

Love to all,


Gene

Mr. and Mrs. R. J. Reeder
546 Ozbourn Street
USNS Mayport
Jacksonville, Florida 32227

Encl.

10822 Childs Court
Silver Spring, Md.
20901

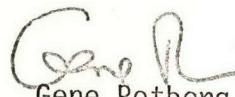
January 7, 1970

Dear Yuko,

Thank you very much for your delightful card. I hope you have a happy year. My wife and I are so pleased that you are going to school in Tokyo. Poets should always study political science and economics. After all, much of economics is but fairy tales and fiction stories. And I suspect that if the political scientists had more of the poet in them, our world would be a safer and certainly happier place to live in. I hope to be in Japan soon in connection with some World Bank business. In the meantime, we send you our love and wish you the very best.

I am enclosing some remarks I gave some months ago about the World Bank. The first part is about the world; the second part is about the Bank.

Love,


Gene Rotberg

Miss Yuko Yoshikawa
1349 Tsuda-cho
Okawa-gun
Kagawa-ken
Japan

Encl.

Chron file



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

January 7, 1970

Mr. Arthur Karasz
Director, European Office
International Bank for
Reconstruction and Development
4 Avenue d'Iena
Paris (16e), France

Dear Arthur:

This refers to your letter to Dick Demuth concerning the OECD Capital Markets Meetings on January 22 and 23. As you may know, Mr. McNamara has designated me as the Bank's representative and Robert de Lesseps as an alternate. I do not know whether I will be able to attend the first meeting but I shall make every endeavor to do so. Thank you very much for keeping me informed. It looks like this Committee will produce some useful information for the Bank.

Sincerely,


Eugene H. Rotberg

cc: Mr. Demuth



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

January 6, 1970

Mr. Steve Turner
Executive Office of the President
President's Advisory Council on
Executive Organization
Washington, D.C. 20506

Dear Steve:

It was good talking to you last week. I told you that I would write and suggest some other persons who you might wish to contact. I suggest the following for some perceptive evaluation of the Commission's goals and policies:

Mr. Milton H. Cohen
Schiff Hardin Waite
Forschel & Britton
231 South LaSalle Street
Chicago, Illinois 60604

(Practising lawyer and
Director of the Special
Study of Securities
Markets)

Mr. Roy Schotland
The Institutional
Investor Study
Securities and Exchange
Commission
500 North Capitol Street
Washington, D.C. 20549

(Law Professor and Execu-
tive Assistant to Cohen
in Special Study)

Professor Walter Werner
Columbia University
School of Law
435 West 116th Street
New York, N.Y. 10027

(Ex Director of Office of
Policy Research - SEC)

Professor Robert H. Mundheim
University of Pennsylvania
The Law School
3400 Chestnut Street
Philadelphia, Penn. 19104

(Ex Associate Director of
Mutual Fund Study)

Prof. Henry C. Wallich
Department of Economics
Yale University
37 Hillhouse Avenue
Box 1972 Yale Station
New Haven, Connecticut 06520

Mr. Steve Turner

- 2 -

January 6, 1970

Prof. William L. Cary
School of Law
Columbia University
435 West 116th Street
New York, N.Y. 10027

(Ex Chairman of SEC)

Prof. David L. Ratner
Professor of Law
The Cornell Law School
Myron Taylor Hall
Ithaca, N.Y. 14850

(Ex Executive Assistant to
Manuel Cohen)

Dr. Irwin M. Stelzer
President
National Economic Research
Associates, Inc.
80 Broad Street
New York, N.Y. 10004

(Consultant in New York Stock
Exchange on Economic and
Commission Rate Problems)

OR
1211 Connecticut Ave., N.W.
Washington, D.C.

Professor Louis Loss
Law School of Harvard Univ.
Cambridge, Mass. 02138

You should also talk to practising lawyers who have been familiar for many years with the intricacies of the Securities Acts and the administration of them by the Commission. I suggest these in particular (in addition to Milton Cohen above):

Mr. Milton P. Kroll
Freedman, Levy, Kroll & Simonds
Suite 720
1730 K Street, N.W.
Washington, D.C. 20006

Mr. Francis M. Wheat
Gibson, Dunn & Crutcher
634 South Spring Street
Los Angeles, California 90014

(Ex Commissioner)

Mr. Lawrence Latto
Shea & Gardner
734 - 15th Street, N.W.
Washington, D.C.

Mr. Steve Turner

- 3 -

January 6, 1970

Mr. Marvin Schwartz OR Mr. John Rabin
Sullivan & Cromwell
48 Wall Street
New York, N.Y. 10005

Mr. Arthur Fleischer
Strasser Spiegelberg Fried & Frank
120 Broadway
New York, N.Y. 10005

In the securities industry I suggest that you talk to the following:

Mr. Robert W. Haack
President
New York Stock Exchange
11 Wall Street
New York, N.Y. 10005

Mr. Leon Levy
President
Oppenheimer Fund, Inc.
Five Hanover Square
New York, N.Y. 10004

Mr. Robert M. Loeffler
Vice President - Law
Investors Diversified Services, Inc.
Eighth and Marquette
Minneapolis, Minnesota 55402

Mr. William Salomon OR Mr. John H. Gutfreund
Salomon Brothers & Hutzler OR Mr. David Kauffman
60 Wall Street
New York, N.Y. 10005

Mr. Donald T. Regan OR Mr. James E. Thomson
Merrill Lynch, Pierce,
Fenner & Smith Inc.
70 Pine Street
New York, N.Y.

Mr. William H. Donaldson
Donaldson, Lufkin & Jenrette
140 Broadway
New York, N.Y. 10005

Mr. Steve Turner

- 4 -

January 6, 1970

Mr. Walter P. Stern
Burnham & Company
60 Broad Street
New York, N.Y. 10004

The foregoing list, of course, is not exhaustive and I am sure they will suggest others to whom you should talk. They represent a cross-section of opinions and disciplines and, although they will have widely divergent views, each will probably have something significant to offer.

Best Regards,



Eugene H. Rotberg
Treasurer

10822 Childs Court
Silver Spring, Md.
20901

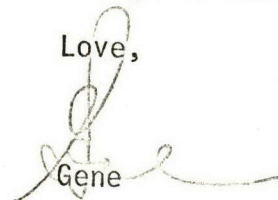
January 6, 1970

Dear "Dodi":

Although I do not usually send thank you notes (out of sheer laziness - not out of lack of appreciation), I must tell you that Iris and I had a delightful time on Saturday night. Your gourmet treats were superb; your O.E.O. and journalist girl friends were beauties, kookies and also gourmet treats. I am very happy that I am no longer a college debater as I am afraid those young ladies would chew me up into little pieces.

Again, a delightful evening was had by all.

Love,



Gene

Mrs. Donald M. Feuerstein
1701 N. Kent
Arlington, Virginia

Cham

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Bennett

Bill:

I received a call from the IBA. They wanted me to use my "good offices" to assure that the new President of the Investment Bankers Association (Andrew J. Melton, Jr., of Smith, Barney & Co., New York) is invited to our 1970 Annual Meeting. He will attend if he is invited. I understand that it is the practice to invite the President of IBA.

Secondly, they asked what arrangements could be made to assure that he would have accommodation. Apparently some initial inquiries have shown that the World Bank has occupied all the hotels in Copenhagen. What is our procedure on this request? Can we assure him that a room will be set aside for him?

Gene Rotberg
1/6/70

10822 Childs Court
Silver Spring, Md.
20901

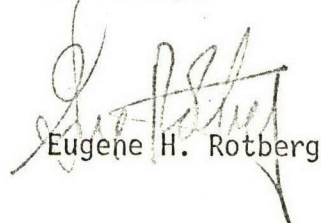
January 5, 1970

Mr. B. Strunskaja
Galerie Daniel Keel
Ramistrasse 33
Zurich 1, Switzerland

Dear Mr. Strunskaja:

Thank you very much for your letter.
Unfortunately, my plans are somewhat delayed
and I will not get back to Switzerland until
February or March. Thank you, however, for
sending me the catalog and price list.

Sincerely,



Eugene H. Rotberg

10822 Childs Court
Silver Spring, Md.
20901

January 5, 1970

Mr. Stig Petersen
7501 Flower Avenue
Takoma Park, Maryland

Dear Stig:

Thank you for your note concerning our kitchen ceiling. We have sort of got used to it as it is, so there is no necessity to do it over. However, I will take a rain check so that when we need a wall done we will ask you to do it for us at your convenience.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Eugene H. Rotberg', written in a cursive style.

Eugene H. Rotberg

Chin

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

Mr. Aldewereld

Siem:

I am attaching the Opinion of the Attorney General on the Farmers Home Administration note. Please note in particular pages 4 and 6. I have also attached a copy of the note and the prospectus - see pages 1, 4 and 5 of the prospectus.

Although the comments of the Attorney General are unequivocal, as is the prospectus, Lester is not completely convinced that the Attorney General is correct in his interpretation that the document is a full faith and credit obligation of the U.S. I spoke to Lester, however, and he said that he was not concerned and that he would go ahead. Apparently the problem is that Congress, technically, has not appropriated the funds in event of default and, conceivably, if the U.S. Government went bankrupt there is no reserve fund which is allocated to pay this particular debt. Lester is preparing a legal memorandum on this somewhat narrow issue. The language on page 4 of the Attorney General's opinion is unambiguous, as is the flat statement in the prospectus. Further, the security as you will observe will be signed by the Secretary of Agriculture and is a security issued by that Department.

Gene Rotberg 
January 5, 1970

Attachments