

Mr. FINDLEY. Do you think that is a valid fear?

Mr. SOLOMON. I think it is today, without question.

The day may well come where the average manufacturing competitive efficiency relationships between our two areas may be sufficiently narrowed so that they would then find that they could enter into a common market relationship with a country such as ours and get on balance net advantages even though some of their industry would be still, under those conditions, knocked out.

Mr. FINDLEY. Don't you think it is possible that some American industries, given this common market, might find it to their advantage to establish industries in Latin America which presently are not there? Would this not be an incentive for American industry to go south?

Mr. SOLOMON. I think it would be, and even with the Latin American Common Market without the United States.

Mr. FINDLEY. Wouldn't it be a greater incentive if we were indeed a part of this common market area?

Chairman MORGAN. The gentleman's time has expired.

Mr. Gross?

Mr. Gross. I want to be more specific about the information that I asked for awhile ago.

I would like to have filed for the record, or for my personal use and perhaps for you, Mr. Chairman, the loans in default by country, and of course the amount of the loans—dealing exclusively with Latin America; loan delinquent, by country, and of course with the amounts; loans refinanced or—as the State Department likes to say—rolled over in each country; loans converted to grants, by country; payments deferred, by country. And please include whether each loan carries a maintenance-of-value provision.

Then I would like for you, too, to file for the record how many Latin American countries today have balance-of-payment problems. (The following information was subsequently submitted:)

STATUS OF LOANS TO LATIN AMERICAN COUNTRIES

The total value of the 273 dollar loans made by AID and predecessor agencies to Latin American countries is \$2.4 billion as of December 31, 1966. Of this amount only two dollar loans, having \$2.5 million outstanding in principal and interest, are in default. This is approximately 1 percent of the value of dollar loans authorized for the Latin American countries. In addition, one local currency loan, made with "Cooley" proceeds of a Public Law 480 sale, is presently in default.

Although loan installments totaling \$107.8 million were delinquent as of December 31, 1966, all but one of these installments were collected in early January. The remaining delinquency totals \$835,488.

Payments have been rescheduled on only 24 of the 270 loans made to Latin American countries.

The total value of principal and interest payments rescheduled comes to \$9.8 million—11 percent of the outstanding balance of \$88.5 million of these 24 loans.

No dollar loans have been converted to grants.

This information is presented in detail in the following tables.