you talking there about hard loans or soft loans? Specifically, are you talking about loans of from 30 to 40 years, with no interest, and just a carrying charge, with a period of grace for the repayment of capital, or are you talking about a straight business transaction?

Mr. BALGOOYEN. During the hearings it developed that some of the Congressmen were considering proposals for tying the loans of the Inter-American Development Bank—and I am not sure whether they were only hard loans, or both hard loans and soft loans—to the purchase of materials and equipment in the United States with the proceeds of these loans. And during the course of the hearings an example was cited, I believe, of a Chilean borrower who might be able to buy his requirements in Peru cheaper than he could in the United States, and what did I think about that.

My answer was that, No. 1, I thought that in view of the limited borrowing capacity of all the Latin American countries, they should be able to use the funds they borrowed as economically as possible, and get as much for their money as they could. And No. 2, certainly if Chile can buy something in Peru, it assists the attempts that these countries are making toward economic integration. And since we have said that we are in favor of economic integration and industrialization, we certainly shouldn't try to preclude that kind of a transaction.

Senator SYMINGTON. If you make a hard loan, I couldn't agree more. But a soft loan, you might as well give them their money and forget it, don't you think, a 50-year loan, no interest, no repayment of principal, say, for 10 years? We have put a lot of money in that kind of a loan. If you don't specify the money has to be used in the United States, why not get rid of all the bureaucratic costs incident to following the loan, and just give it to them? You would be better off from the standpoint of overhead.

Mr. BALGOOYEN. I am psychologically opposed to soft loans. But you have a situation in Latin America of course, as I have indicated, where they are so far in debt, particularly in dollars, that it is a question of whether they can stand it. And so it becomes a matter of necessity, I am sure, in some cases, to grant this assistance on a soft loan basis. And I fully appreciate the arguments for spending the proceeds of these loans in the United States. Otherwise, as you say, they become gifts. And they are pretty close to gifts anyway and for all we know they may ultimately be gifts.

But at the same time, whether it is a soft loan or a hard loan, if $10 million is loaned to Chile, I would think that we would want the Chileans to buy as much of their necessities with that $10 million as they possibly could, even if they had to buy it in some other country.

Senator SYMINGTON. Thank you, Mr. Chairman.

Chairman BOGGS. Senator Miller, do you have any questions?

Senator MILLER. Thank you, Mr. Chairman.

Mr. McAshan, in your statement you say, "many of the less-developed countries cannot be expected to become fully self-sufficient in foods and fibers." Would you include India in that category?

Mr. McASHAN. Yes, certainly, I certainly would. India is probably less self-sufficient than many of the other countries.