

The bill states that we will risk up to \$100 million. With respect to losses beyond that amount we thought that Congress ought to appropriate funds to the Treasury to reimburse us.

I do not really anticipate our loss is going to be of such magnitude, but I do want to keep a clear line of demarcation between the Bank's regular operations and this operation.

Mr. BARRETT. Thank you.

Chairman PATMAN. Mr. Brock.

Mr. BROCK. Thank you, Mr. Chairman. Mr. Linder, welcome again.

Mr. LINDER. Good morning.

Mr. BROCK. You were mentioning earlier the terms. I would like to ask a couple of questions. You mention the fact the Japanese are selling to Indonesia and we are not. On what terms are the Japanese selling to Indonesia?

Mr. LINDER. I imagine all kinds of terms. That is, I am sure they are selling a certain amount of consumer goods on 90- to 180-day terms, although as a matter of fact I have heard that the Indonesians are trying to avoid buying anything on short terms doing their best in order to get their own house in order so that they can meet their obligations to us and other creditors. But we did not feel, in light of the fact they are in default to us, that we wanted to extend new credits to them on any terms and increase our risk. I suspect if the Indonesians want some basic equipment, not spare parts or normal consumption goods, that they will get longer terms and probably get the terms that are customary in international trade.

Mr. BROCK. What concerns me, when we talk about a nation like Indonesia, which is very much in critical balance anyway—

Mr. LINDER. That is correct, sir.

Mr. BROCK. I am not so sure that we ought to worry about our balance of payments when, when we are talking about Indonesia, any more than when we worry about theirs. They are not going to be able to pay us unless they maintain some sort of a balance, and I would be a little reluctant to see us supporting a mass amount of consumer goods in Indonesia as opposed to something that will yield an investment to them.

Mr. LINDER. I do not think there would be a massive amount. I think there is a very disciplined and sensible government in there now. But I do think it is important that our manufacturers should not lose their markets completely so they can keep their presence in Indonesia and so that the Indonesians do not get into the habit of buying Japanese goods exclusively. Moreover, I am not suggesting that Japanese is the only country competing with us there.

Mr. BROCK. I do not want to pick on that one. We hope that nation can maintain its current record of progress. We very deeply feel that way.

When you are talking about a high-risk loan, Mr. Linder, most commercial institutions will make a high-risk loan upon request.

Mr. LINDER. I am sorry, what kind of loan?

Mr. BROCK. High-risk loan.

Mr. LINDER. Yes, sir.

Mr. BROCK. Most banks will accept high-risk loans within certain well defined limits, which you have here, but they charge a little more.