

Mr. REUSS. By the "basic bill," are you talking about the bill before the Committee on Foreign Affairs? I do not think that is going to be passed.

Mr. LINDER. I am talking about our own Export-Import Bank Act, which amendment was signed 2 months ago and contains certain specific limitations.

Mr. REUSS. On the Eximbank regular operations. But this bill before us would—

Mr. McQUADE. It already has these limitations. It is in the last sentence of the bill.

Mr. REUSS. As Mr. Widnall just said, the administration successfully resisted his effort to exclude arms sales to developing countries from the basic Export-Import Bank bill which was enacted a few months ago.

You in your testimony here this morning said that under H.R. 16162 arms sales would be entirely prohibited.

Now, our basic bill does not entirely prohibit arms sales. It simply sets up criteria for them and I, therefore, say that if this bill does what you say it will do, then it had better provide in plain English that that is what Congress is enacting. Therefore, would you have your counsel furnish me with language which can make that clear, because your personal views, while persuasive, of course, would not prevail if the other—how many on your Board—five?

Mr. LINDER. There are five, although today there is one vacancy.

Mr. REUSS. If the other four outvoted you. So if we are going to have a meaningful bill we will have to put that in.

On the overall bill, I listened to the testimony carefully this morning and I cannot really determine why you need it.

Your present law permits you to make, as you say, high-risk loans, with the requirement that there be reasonable assurance of repayment.

Now, this bill, H.R. 16162, would substitute for the reasonable assurance of repayment criteria the criteria that it improves the U.S. balance of payments.

Well, I cannot see this new authority improving the balance of payments if we are now to make loans with no reasonable assurance of repayment. That does not help us at all.

Mr. LINDER. I would agree to that proposition.

Mr. REUSS. Why do you not go out and continue to exercise your expert judgment, undiluted, because we want to know who makes these loans, and if you find there is some reasonable assurance of repayment, make the loan as you do now, even if it is high risk. What do you need all this language for?

Mr. LINDER. Let me explain. The Eximbank has an image and it has operated in accordance with that image—of being a relatively sound banking institution. We may have been wrong about certain of our criteria. However, when we have an exposure representing 25 or 30 percent of the external debt of a foreign country, we would, as prudent bankers, say we have got enough there, because the only thing with which we have to pay our losses is represented by our capital and reserve.

At the present time the bank has gross commitments of over \$9 billion. We have some \$2 billion of capital and reserves. You have authorized us to have commitments up to \$13.5 billion. When we reach