that ceiling we still will probably only have $2 billion, plus a couple of hundred million dollars more of capital and reserves.

Mr. REUSS. If you exceed your capital and reserves, God forbid, you will then obviously do the only thing you can do, go to the Treasury and ask that you be bailed out. Why do you need a bill to do that?

Mr. LINDER. If you will permit me to finish my thought, it is that, as relatively prudent bankers, we believe that we must keep some sort of balance between the amount of money that we have now—not what the Congress might conceivably give us to bail us out—and what our commitments are; and, therefore, we have in the past, not infrequently, right or wrong, refused to do a particular piece of business.

Let me be specific about it. Assume we have a $500 million exposure in a given country and that equals 25 or 30 percent of that country's external debt. One of our competitors, the Germans, we will say, has $60 or $70 million in the same country.

Now, Germany is more than one-tenth as large as we are. They export more than one tenth as much as we do. Germany is very anxious to do business in that Country. They will take the risks of up to, let us say, another $100 million there. Nevertheless, we—that is, the Board of the Bank—would feel it would be imprudent for us to go further. This happens all the time in commercial banking. The Chase Manhattan Bank may be full in Japan, but Japan may be able to walk around the corner and find another bank that is not quite that full.

The fact that Chase will not lend any more money does not mean that Japan will not pay. It does mean that Chase is up to its eyes as far as Japan is concerned. By the same token Eximbank may be up to as much as we can prudently risk in that particular country.

This bill will enable us to go beyond that amount and take on that added exposure. Over the years we have developed some fairly broad criteria. We make exceptions to them, it is true, but generally speaking, our interpretation of reasonable assurance of repayment is pretty well understood. And one of the factors that goes into reasonable assurance of repayment is the Bank's exposure in a particular country.

For example, it could well be that it could be we owned all the external debt of a given country and had all of our resources committed to that country. We still could find a reasonable assurance of repayment for any one transaction there. But I do not think that is what is really meant by our legislation and I do not think that is the way to conduct an institution of this kind.

We are going to the Congress to make it perfectly clear to Congress first, that we are not starting an aid organization; and second, that we are going to take additional risk, either by doing additional business in a country in which we are currently relatively heavily exposed or by financing buyers who do not meet our current criteria of Credit worthiness. Let me give you an example of the latter. There is a large American motor car manufacturer who has a customer who has recently begun assembling automobiles in a foreign country. We have a lot of money in that country in relation to its size. It is an Asian country. It is far away. You cannot get the figures you would normally expect to get in order to extend credit. We have guaranteed a line of a couple of million dollars—a revolving credit, in effect—for the sale of parts to that foreign assembling plant. The exporter's needs now require $5 or $6 million.