

I do not think prudently I could go to \$5 or \$6 million for that buyer under the present statute.

It is true that I would probably not be hauled up before the court for having broken the law if we did extend such additional credit but I do not think that would be a prudent thing for us to do.

Mr. REUSS. I do not see any change here in the bill, other than semantics, in substituting for "reasonable assurance of repayment" the phrase "in order to improve the balance of payments and foster the long term commercial interests of the United States."

Furthermore, it seems to me an exercise in buck passing. First of all, you ask Congress to give you a vague directive, then you set up one more governmental committee, Exporters Expansion Advisory Committee. They have to consider it, and then the National Advisory Council on Financial and Monetary Policy—

Mr. LINDER. Which always does consider our loans.

Mr. REUSS. Which it always does. They keep signing the name of Dean Rusk and other august parties to their papers, who never see them. I will have to hear a lot more convincing evidence that this bill is needed.

That is all, Mr. Chairman.

Mr. BARRETT (presiding). Mrs. Sullivan, do you desire to question the witness?

Mrs. SULLIVAN. Not at this time, Mr. Chairman.

Mr. BARRETT. Mr. Clawson.

Mr. CLAWSON. Mr. Linder, I join my colleague in again welcoming you and your associates before the committee. I think you have made a statement that will certainly assist us in evaluating the legislation before us.

I would like to observe, before asking a question, that it is refreshing to find someone who believes that a Government contract is a good asset, and that the Congress will honor it.

I refer to the fact that, in the proposed legislation, the Eximbank is willing to rely on authorized future appropriations to restore any losses Eximbank might experience in excess of \$100 million on this new risk-lending program.

The reason I made this observation at this time is because the great private enterprise insurance industry apparently is unwilling to rely upon the quality of a Government contract as a good asset. Instead of relying upon the appropriations process to provide funds that might be needed under reinsurance contracts with the Government, they are insisting that the only acceptable method is wide open, backdoor, Treasury borrowing authority financing.

The insurance industry insisted on backdoor funding of the proposed flood insurance program and it got stymied. The insurance industry is insisting on backdoor funding for the new proposed riot reinsurance program, and it is my opinion that it will run into trouble on the House floor should it be reported out in this form by our full committee.

Again, let me sincerely congratulate you on recognizing that the appropriations process can work in a program involving potential liability on the Government.

I just wish the private insurance industry could be as realistic as you are, as I think the proposed riot insurance program, properly