

Mr. PETTY. I think we would work pretty well on this basis, Mr. Moorhead, and I believe that the Treasury views would be well received and considered in those interagency deliberations.

In addition, I think the problem is so distant that I do not believe that it will be posed in the way you suggest.

Mr. MOORHEAD. You do not believe that the Advisory Council would recommend the approval of a transaction which the Treasury vigorously opposed; is that correct?

Mr. PETTY. I was saying, sir; that I did not think that the possible losses could be so great as to necessitate a Treasury veto on the Advisory Committee. The give and take in the interagency dialog is such that you win some and lose some, but our views are well received and considered, and I do not believe this would open the door to excessive losses.

Mr. MOORHEAD. Well, if there is a draw on the Treasury and you have to come before the Appropriations Committee, you have to in effect say we endorsed the legislation which permitted other agencies to open the door of the Treasury, even despite our disapproval.

I hope you recognize this is the situation.

Mr. PETTY. I can imagine that could be the case. I can imagine that in any particular case the Treasury could vote for and be wrong, as well.

Mr. MOORHEAD. Now, Mr. Linder, I notice that, to follow up some of the questions of Mr. Reuss, that in the cases of Australia and the United Kingdom, and Zambia you varied from the standard rate of about 6 percent, when there was a case of military equipment. Is that because these were loans guaranteed by the Defense Department?

Mr. LINDER. No. I do not think there was such a case in Zambia. With regard to Australia and the UK, it was a very important piece of business.

Mr. MOORHEAD. Was that guaranteed by the Defense Department?

Mr. LINDER. No, it was not guaranteed by the Defense Department.

Mr. MOORHEAD. So on your own, for reasons I am not clear about, you reduced the rate to $5\frac{1}{2}$ percent in one case and $4\frac{3}{4}$ in another?

Mr. LINDER. Yes, sir.

Mr. MOORHEAD. Zambia, the report says, military equipment and services, $4\frac{7}{8}$ percent to $5\frac{1}{2}$ percent. Page 54 of the annual report. But this was an obligation guaranteed by the Department of Defense?

Mr. LINDER. Excuse me, sir, that is an entirely separate category. That has nothing to do with Zambia.

Mr. MOORHEAD. This is "miscellaneous?"

Mr. LINDER. That is correct.

Mr. MOORHEAD. This could be various countries?

Mr. LINDER. Those were ones that were guaranteed by the Department of Defense.

Mr. MOORHEAD. These are not necessarily Zambia, they are any of them?

Mr. LINDER. Those were loans to developing countries which were guaranteed by the Department of Defense.

Mr. MOORHEAD. And was the reason that you reduced the interest rate on the Defense Department's guarantee?

Mr. LINDER. That was one factor, surely, and a very important factor.