

it presumably because you thought we were reasonably careful and prudent people.

Mr. MOORHEAD. You want special blessings for changing the criteria in a limited number of cases?

Mr. LINDER. That is correct.

Mr. BARRETT. Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman. Thank you, Mr. Linder.

If I may just attempt to summarize here a little bit at first, the \$500 million we are talking about falls within the Bank's present limitations on direct loans, guarantees, and insurance?

Mr. LINDER. Yes, sir.

Mr. BROWN. Then it seems to me the real important part of this bill is the reimbursement provision; is it not?

Mr. LINDER. No, sir; I do not really think so. I do not expect the losses are going to be that great. I think the important part of the bill is the fact that you gentlemen will recognize that there are going to be loans made under this authority which will foster the long-term commercial interest of the United States but which may not carry quite as strong or rigid requirements as the law presently provides.

Mr. BROWN. Mr. Linder, under existing legislation, if you made loans, "more risky," if I may term it as such, than you normally make, and if you suffered losses, those losses would have to be handled within the framework of your existing financial structure?

Mr. LINDER. That is correct.

Mr. BROWN. This legislation provides a means of reimbursement to you, otherwise—

Mr. LINDER. Over \$100 million.

Mr. BROWN. Well, now, not just \$400 million; it could be as much as \$1,900 million?

Mr. LINDER. Literally, yes, but really not in fact. In the first place, we will not do it all on guarantees.

Mr. BROWN. You could.

Mr. LINDER. Yes.

Mr. BROWN. So, in effect, this legislation commits the Congress to appropriate as much as \$1,900 million for the reimbursement of the Bank in case none of these loans are direct loans, but are guaranteed loans. I acknowledge this probably would not happen, but technically it could.

Mr. LINDER. As I understand it, sir, there is a difference between an authorization and an appropriation. I have known of many authorizations which have not actually been appropriated.

Mr. BROWN. Well, nevertheless, the Congress by this legislation, if it passed it, would be saying we agree, we authorize and agree to appropriate such sums as are necessary in excess of \$100 million to cover all losses suffered by the Bank by virtue of this program.

Mr. LINDER. I am sure you are a better interpreter than I am.

Mr. BROWN. You have been around longer than I have. I would be happy to have you disagree with me.

Do you think it is essential that you have this additional substantive authority from the standpoint of being able to make this different type of loan?

Mr. LINDER. I do, because, as I have tried to indicate, I believe this proposal represents a substantial alteration in the traditional policy of