Now I shall be glad to answer any questions that you might wish to put to me.

Thank you.

Chairman PATMAN. Thank you very much, sir. Our policy is to hear all the witnesses and each member will then be allowed the privilege of interrogating all three of you at one time.

Our next witness is Mr. Alfred H. Von Klemperer, senior vice president, Morgan Guaranty Trust Co. of New York, and immediate past president of the Bankers' Association for Foreign Trade. We are glad to have you, sir.

STATEMENT OF ALFRED H. VON KLEMPERER, SENIOR VICE PRESIDENT, MORGAN GUARANTY TRUST CO. OF NEW YORK

Mr. VON KLEMPERER. Mr. Chairman, members of the committee and the member from my own district, Mr. Wolff. I am very pleased to appear here today and to testify for the Bankers' Association for Foreign Trade and for the National Foreign Trade Council.

The Bankers' Association for Foreign Trade has 132 member banks throughout the United States who among themselves handle the bulk of American export financing. We met at our convention about 4 weeks ago. We had a very careful look at this bill and we express strong support for it.

Similarly, the officers and directors of the National Foreign Trade Council discussed this bill at a recent meeting and expressed support for it.

Both bankers and exporters are in favor of this bill because it represents a constructive and expansionary, rather than a restrictive measure, to help our balance of payments.

We feel that the gold problem of the United States is better served by increasing our foreign earnings rather than by restricting our foreign expenditures, and H.R. 16162 is a very useful step in that direction.

The exporters generally feel that there are important foreign markets which they could develop for American business, but that many times the opportunities in these markets are not properly exploited because the financial risk involved is in excess of the customary standards of the commercial banks, the Export-Import Bank, and of the exporter himself.

It is felt that with proper Government guarantees and insurance financing could and should be arranged in some of these cases, and that this financing would open up opportunities for additional sales abroad and would create new markets for U.S. exporters.

To be the first in a new or developing market lays the foundation for potential repeat orders, for spare part orders, and in general for foreign exchange earnings which are quite in excess of the potential losses that could be incurred from the initial financing.

The technology of American industry and the salesmanship of American exporters would assure us of a vigorous followup of this initial effort which is supported by the Government. Of course, there will be losses from this financing. But the important part is that the overall balance of earnings from this activity will far outweigh these potential losses.