Should we not subdivide the problems? There are really two questions in credit. One is the company to whom the goods are sold going to be able to pay for it? And, secondly, is the country in which that company exists going to be in a balance-of-payments position so its currency is going to be convertible?

There may be other questions, but there are certainly those two.

It seems to me that relaxation of both of those facets of credit is probably desirable, is it not?

Mr. Foy. That is right, sir.

Mr. Reuss. Then let me go on to the next point.

Mr. McNeil indicated in his statement that in order to meet the competition—and that certainly seems to be the name of the game—we ought to be prepared to vary the length of the repayment period. And I presume also the time when the repayment period has to start, whether it starts immediately or three years, or whatever.

Do Mr. Foy or Mr. Von Klemperer disagree with that suggestion?

Mr. Foy. No, sir.

Mr. Von Klemperer. I do not. But when it comes to relaxing of credit terms, I hope we would not lead the parade, but follow it.

Mr. Reuss. The next point is the interest rates.

Is it the view of you gentlemen that there should be some flexibility in the direction of a lower interest rate in a particularly meritorious deal, with Mr. Von Klemperer's provision, as always, that we meet the competition but do not get out ahead of it.

Do all of you three gentlemen agree?

Mr. Foy. I would like to say that I do not think we should have—I do not think we have had any problem with the interest rates. I think the Bank has been competitive on interest rates.

I do not think we should let it get into the record—at least as far as I am concerned I would not want it to get into the record, that I think this Bank for instance has not been flexible on interests rates. I think it has been flexible on interest rates and I think its interest rates have met the interest rates of competition and I do not see any liklihood of the problem occurring here unless the Bank were finally to take the position that it would not loan at interest rates, let us say, lower than the U.S. Government is paying on some of its bond sales, which it might well do but has not done really so far, assuming that somebody else was offering such lower rates. But the current offers that we have run into are up in the 6¼- and 6½-percent area, and I would anticipate that they will be about equal to or around the premium rate in the United States.

Mr. Reuss. If that is so, then there is no problem of meeting the competition. But I was asking you to address yourselves to a situation where the competition from some other country offered rates lower than the going Exim rate, though let us also assume that that rate offered by the competing export agency of another country was somewhat higher than the rate that the United States has to pay on national debt. Should the U.S. Eximbank be given the discretionary authority to go at least part of the way in meeting the competition, as long as it stays above the rate which has to be paid on the national debt, or should it not?

Mr. Foy. I think it has the discretionary authority, Mr. Congressman, to set its rate at whatever point it needs.