

Eximbank Chief Calls For Low-Interest Development Fund

In testimony before the Senate Banking Committee's subcommittee on International Finance March 9, John Moore, chairman of the U.S. Export-Import Bank, called on Congress to authorize the creation of a special Eximbank fund to finance long-term, low-interest credits oriented especially to development projects in the Third World. In response to Moore's claim that such a fund was necessary to make the United States "competitive" in world markets — given that France and Japan among others offer 15-30 year development credits for hard-commodity purchases at only 3-6 percent annual interest — Sen. Adlai Stevenson III (D-Ill.), chairman of the subcommittee, called for the Administration "to take a harder look" at the idea.

Moore's testimony, carried on the front page of the *Journal of Commerce* March 10, reflects in part the influence of the U.S. Labor Party's proposal to extend Eximbank lending to \$200 billion a year, primarily in long-term, cheap credit for nuclear technology-related industrial development packages. The Labor Party policy, aimed at securing worldwide industrial expansion, represents a head-on challenge to the protectionist zero-growth, cut-oil-imports-and-force-industrial-contraction strategy of Treasury Secretary W. Michael Blumenthal and Energy Secretary James Schlesinger.

Eximbank chief Moore specifically put forward a proposal for loans of up to 18 years duration at rates of 6 percent, to be administered through the bank's soft loan window. When asked whether such financing would not be better done through the Agency for International Development, Moore replied that AID and Eximbank pursue entirely different policies and labeled AID, which finances counterproductive labor-intensive agricultural and food control projects, "a poor man's World Bank."

In the Stevenson subcommittee hearings on the Eximbank authorization and chartering, and in similar hearings last week held by the House Banking Committee's subcommittee on International Trade, Investment and Monetary Policy under chairman Rep. Stephen Neal, Moore and other Administration officials have cautiously pursued their primary objective of securing a five-year extension of the bank's charter and expansion of its lending authority from \$25 to \$40 billion, which, they

calculate, will produce a modest five percent rate of growth for U.S. exports in real terms.

In testimony before the Neal subcommittee, Assistant Secretary of State Julius Katz, doing his best to downplay the Schlesinger-Blumenthal nonsense that rising U.S. oil imports are responsible for the massive U.S. trade deficit and decline of the dollar, said, "The fundamental point is that lagging U.S. exports, not surging imports," are the major factor in the poor U.S. trade position. Answering the "free market" line that trade financing is strictly a matter for the "private sector," Undersecretary of Commerce Frank Weil emphasized that "the role of the federal government is crucial in creating an overall environment to facilitate U.S. exports." A spokesman for the U.S. Chamber of Commerce vigorously condemned a whole series of restrictions previously attached to Eximbank lending authority, including those to limit nuclear exports; former Congressman Reese of California specifically attacked the notorious Jackson-Vanik amendment making trade with East bloc countries subject to U.S. approval of their emigration policies.

Attacks on Exim

Conducting a major assault on the Eximbank, however, are the AFL-CIO and such zero-growth spokesmen as Sens. Ted Kennedy (D-Mass.), Abraham Ribicoff (D-Conn.), and Rep. Clarence Long (D-Md.), all of whom intend to attach further restrictions to the bank's charter, further crippling its ability to finance industrial exports. The AFL-CIO, for example, is demanding what amounts to a total ban on East bloc export financing, as well as "job impact statements" on Eximbank-financed deals.

At this writing, the mood of Congress, and of the nation's large commercial banks and corporations, is decidedly against the zero-growthers, and prospects appear favorable for the pro-Exim forces' limited objectives. Whether basic U.S. economic policy is soundly overhauled to reflect their orientation, however, will depend on the success of a political mobilization to rid the cabinet of Blumenthal and Schlesinger.