

Mr. Chayka ✓

March 2, 1948

Dear Mr. Lodge:

In your letter of February 23 you inquire as to "how many dollars (exclusive of European Recovery Program dollars) could be made available by the Export-Import Bank to the sixteen countries which responded to the Marshall proposal."

As of today the Bank has uncommitted approximately \$530,000,000 of the \$3,500,000,000 which it is authorized to have outstanding in loans at any one time. In theory at least, therefore, it might be said that the Bank could make available this sum of \$530,000,000 to the sixteen European Recovery Program countries. Several practical considerations, however, serve to limit the amount which the Bank could lend out of its uncommitted funds to the countries in question. It cannot be said categorically that the Bank could make loans to the sixteen countries to the extent of its available funds within the provisions of the Export-Import Bank Act of 1945. Consideration of loan applications involving the sixteen countries might reveal that substantially less than the sum of \$530,000,000 in the aggregate could be loaned upon terms and conditions required by our Act, including the requirement that repayment be reasonably assured.

Again it must be remembered that the activities of the Bank extend throughout the world. With the limited amount of funds now available to perform its function to assist in financing the foreign trade of the United States, the Bank must undertake to allocate its funds among the various countries and areas of the world. Although such allocations are not susceptible of mathematical calculations in advance, the Board of Directors of the Bank would not be prepared to lend all of its available funds to the sixteen European Recovery Program countries. Finally as a matter of prudent management the Board of

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Finally as a matter of prudent management the Directors believe that the Bank should not have outstanding loans up to the last dollar of the authorized limit of \$3,500,000,000. The possibility of unforeseen contingencies, either with respect to outstanding loans and projects which the Bank has undertaken to finance or in connection with new situations, demand that the Bank make every effort to retain a portion of its loanable funds for such contingencies.

The Export-Import Bank will continue to consider applications for credit in any of the sixteen countries involved in the European Recovery Program for specific projects which will benefit our foreign trade and which offer reasonable assurance of repayment. Although opportunities to extend such credits may be presented as progressive improvement is realized as a result of the European Recovery Program, I do not believe that the Export-Import Bank will be able to extend credits in any appreciable amount during the early phases of the program.

Sincerely yours,

(Signature) W. M. McC. Martin
W. M. McC. Martin
Chairman

Honorable John Davis Lodge
House of Representatives
Washington, D. C.