

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date April 9, 1947

To Chairman Eccles

Subject: Attitude taken by other agencies

From Mr. Knapp

in export credit hearings

All five agencies represented in the National Advisory Council have now testified on the Pepper bill for export credit insurance, and I think the result indicates that it would have been wiser to have the Council prepare a joint letter. Only the Export-Import Bank, in addition to ourselves, has actually opposed the bill. The other agencies have straddled the issue, and indeed the Commerce Department has given the bill qualified support.

The letter submitted by Bill Martin was not nearly as clear-cut as yours but it says, among other things, that the system contemplated in the bill "might become not an insurance system making possible a pooling of risks by individual exporters, but a scheme for the indiscriminate promotion of exports not justified by underlying credit and exchange conditions in foreign countries. The problem of United States foreign trade is to import enough from foreign countries to make possible a high volume of exports. The position of the United States in the world economy requires, therefore, not indiscriminate government assistance to exports in general, but selective assistance to exports which will improve the economies of foreign countries and thus lay the foundation for a rising volume of United States exports to them on a sound economic basis." During the testimony, in answer to a direct question, Mr. Martin said that he was opposed to the bill.

Mr. Snyder wrote to Senator Tobey that he was "of course in sympathy with the objectives of the bill and I have no objection in principle to a system of export insurance and transfer guaranties. However, . . . it appears to be the general view that there has not been a sufficient demonstration that a real need exists for a system of export insurance and transfer guaranties." The Treasury has not been called upon so far to testify.

Mr. Acheson stated that "the Department is entirely in accord with the objective of the bill to encourage fuller participation by small business concerns in soundly expanded foreign trade(!)", but said that "the Department is unable to assess the present or future need for Government export credit and transfer insurance". He went on to say that the Department would not oppose the bill, with certain minor qualifications, "if public hearings before the committee should indicate a felt and widespread need for such Government insurance".

The Commerce Department was represented by Mr. Blaisdell who presented a long prepared statement which on balance seems to me to give

a substantial measure of support to the bill. Mr. Blaisdell started out by saying that there had not yet been "sufficient investigation either in the executive or in the legislative branches of this Government for us to be able to take a firm position as to the necessity for legislation of this character". He concluded that "the Commerce Department prefers to withhold positive recommendations at this time", and subsequently, in response to a question, stated that "the Department of Commerce takes the position neither opposed to nor in favor of the bill itself".