

HEARINGS ON EXPORT-IMPORT BANK BILL
BEFORE THE SENATE BANKING AND CURRENCY COMMITTEE
July 18, 1945 -- 10:00 A.M.

Leo T. Crowley, appearing as Chairman of the Board of Trustees of the Export-Import Bank, continued his testimony. He cited the provisions in the bill which repeal the prohibition of loans by the Bank to foreign governments in default on their obligations to the United States government and which permit private capital to participate with the Bank in any of its loans. Senator Taft (R. Ohio) then questioned Mr. Crowley about the Lend-Lease program and Mr. Crowley informed him that the \$4 billion appropriation for Lend-Lease would cover Lend-Lease aid for the present fiscal year and that the amount required to finance such aid would not be reduced if the Bank's lending authority is increased as the bill provides. He explained that Lend-Lease would be used only for war purposes and that after redeployment of troops has been completed, Lend-Lease aid would cease. He referred again to the intention to transfer portions of the agreements under Section 3 (c) of the Lend-Lease Act with Belgium, Holland and France to the Export-Import Bank for financing after the Bank's lending authority has been increased. He described how Lend-Lease requirements of recipient countries are determined and how it is decided what commodities are available for shipment under Lend-Lease. Mr. Crowley told Senator Taft and Senator Buck (R. Del.) that if the war with Japan lasts more than 12 months a further appropriation for Lend-Lease will be needed. He was unable to estimate how much of the present appropriation of \$4 billion for Lend-Lease might be saved if the war does not continue for another year. He promised to give the Committee in executive session information on the amounts of Lend-Lease allocated to each recipient country and the rate at which Lend-Lease funds would probably be used.

Senator Taft then asked about the powers of the advisory board set up by the bill with the same membership as the National Advisory Council provided for in the Bretton Woods enabling legislation. Mr. Crowley explained that the House Committee on Banking and Currency had agreed upon the present provisions in the bill regarding management and had vested full powers to manage the Bank in the Board of Directors. The advisory board was set up to make recommendations to the Board of Directors and the Board of Directors was instructed to consult the advisory board on major questions of policy. The National Advisory Council's function in relation to the Export-Import Bank is to coordinate the policies and operations of the Bank with those of the United States representatives on the Monetary Fund and International Bank and of other government lending agencies. Senator Taft asked if the provisions of the Export-Import Bank bill would modify any provisions of the Bretton Woods bill. He pointed out that the bills set up two advisory councils with the same membership but different powers. He read provisions of the Bretton Woods bill which relate to the National Advisory Council and its powers and thought under Section 4 (b) the Council might recommend and the President issue executive orders to coordinate the policies of the United States representatives on the Fund and Bank and of the Export-Import Bank since the provision reads that the Council shall coordinate such policies by consultation or otherwise. Dean Acheson, Assistant Secretary of State, stated that the Bretton Woods bill would not be affected by the Export-Import Bank bill and explained that each bill sets up a council to advise on policy and that in

addition the National Advisory Council also has the power to coordinate policy of the United States representatives on the Fund and Bank and of the Export-Import Bank. Senator Barkley (D. Ky.) agreed with Mr. Acheson's explanation. Senator Taft believed, however, that the position and functions of these advisory councils was not clear and Mr. Acheson attempted another explanation, saying that the board set up by this bill could only advise the management of the Export-Import Bank. The National Advisory Council may issue directives on policy to the United States representatives on the Fund and Bank. Senator Taft asked if the advisory board of the Bank might not make recommendations on the advisability of making loans to a borrower who has presented a request for funds. Mr. Crowley replied that the Bank was set up as an independent agency and that the Board of Directors of the Bank would make all decisions on loans, would set the rate of interest, the maturity and other terms. The functions of the advisory board would be purely recommendatory. Senator Taft stated that in his opinion the Bretton Woods National Advisory Council ought to have the same powers in relation to the Export-Import Bank as it has over the United States representatives on the Fund and Bank in addition to its powers to coordinate policy and operations. Mr. Acheson said the coordinating activities of the National Advisory Council would be used to prevent possible duplication of lending negotiations.

The Committee then went into executive session and voted out the bill without amendment.

Board of Governors
of the Federal Reserve System
Division of Research and Statistics
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