

March 6, 1946

Mrs. Robert P. Vanderpool  
Financial Editor  
Herald American  
326 W. Madison Street  
Chicago 6, Illinois

Dear Bob:

I am very sorry that we didn't get together in Chicago but, as you learned, the time schedule was a little too close.

The issue which you raise in your letter of February 19 is one which is of profound interest, not only to me personally, but to the Export-Import Bank. I can assure you that no one is more mindful than we are that the fundamental foreign trade problem of the United States is to stimulate imports. From the special view point of the Bank, it is only by increasing imports both absolutely and relative to exports that the Bank's foreign loan program can work out in the long run and the Bank's loans to foreign countries be repaid.

You ask how much money the Export-Import Bank has loaned to finance imports. The answer is practically none. The reason, however, is not that the Bank is not favorably disposed towards extending credit assistance to importers; the hard fact is that the Bank receives practically no applications for credit assistance from importers. The reason for this is not far to seek. The commercial banks of the United States are so organized and so oriented that credit either at short-term or intermediate-term can be readily obtained on the security of good domestic names. This means that imports into the United States, which require only short-term financing to the extent of probably more than 90 per cent, can be financed without difficulty through private commercial banks. Furthermore, there is usually no particular difficulty in arranging term financing for the relatively small volume of imports which require financing beyond six months. Finally, in the comparatively rare case in which American importers buy capital goods abroad on extended credit terms, the financing is provided either by the foreign seller on his own resources, or with the assistance of a government agency in his own country. This is in accordance with the general rule that the necessary financing of foreign trade is provided by the exporting country.

*Mrs. Chapman*

The comparatively few applications from importers which come to the Export-Import Bank are from importers who have obtained as much credit as they can from their own commercial banks and who wish to obtain additional credit from the Export-Import Bank in order to expand their operations. The Export-Import Bank will consider applications of this character, although there is not much that it can do in cases where it is clear that the importer has extended himself as far as he reasonably can on the basis of his own capital.

On the more general question of stimulating imports, with particular reference to Secretary Wallace's statement before the World Trade Conference last month, it is my understanding that the Department of Commerce is working intensively on concrete measures for promoting imports into the United States. I, of course, do not know why Secretary Wallace did not mention this in his Chicago speech.

Sincerely yours,

Wm. McC. Martin, Jr.  
Chairman

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