Ex-Im Bank Bill Advances:

Foreign Aid Markup Begins, But Sponsors Unsure Bill Can Win House Approval

A House committee moved quickly the week of July 21 to provide money for the financially strapped Export-Import Bank — the agency that promotes U.S. exports. House and Senate action on the stopgap funding measure is expected the week of July 28.

In related action, the House Appropriations Committee has approved a $7.2 billion fiscal 1981 foreign aid appropriations bill.

Unlike the emergency aid for the Export-Import Bank, however, the foreign aid measure faces an uncertain future. Congress has not approved the foreign aid appropriations bill for fiscal 1980 (HR 4473), which ends Sept. 30, and foreign aid supporters are not optimistic about the 1981 bill.

Export-Import Bank

The House Appropriations Committee July 24 approved H J Res 589 (H Rept 96-1191), containing $525.75 million for the bank for the remainder of the 1980 fiscal year. The appropriation included $251 million in direct, subsidized loans and $274.75 million to finance $1.1 billion worth of loans guaranteed by the bank. The administration supports the committee's recommendations.

Senate leaders have endorsed a different measure, which would delay most of the bank funding until October.

The bank is in trouble because its funding was contained in the now-dead 1980 foreign aid bill. The bank as well as U.S. foreign aid agencies have been operating since last October under a continuing spending resolution, but that measure provided about $1 billion less than the bank expected to receive in fiscal 1980.

Bank supporters failed to include emergency money for the bank in the supplemental appropriations bill (HR 7542) cleared by Congress just before the July recess. *(Background, Weekly Report pp. 1956, 1854)*

Bank President John L. Moore Jr. told the House Appropriations Foreign Operations Subcommittee July 21 that the bank "is essentially out of money." The bank has only $26 million in direct lending authority remaining, and has had to defer about $2 billion worth of loan applications for aircraft and other major exports, he said.

For the combined 1980 and 1981 fiscal years, the bank needs about $12 billion for loans, Moore said. If the bank must operate under continuing resolutions for both years, it would have only $8.5 billion, he added.

Foreign Aid Funding

The foreign aid appropriations bill — always one of the most unpopular measures on Capitol Hill — started on the long road toward an uncertain fate July 24.

In a reversal of last year's practice, the full Appropriations Committee July 24 added money to the funding recommendations of its Foreign Operations Subcommittee. When marking up the 1981 bill, the committee slashed several hundred million dollars from the subcommittee proposal. *(Subcommittee action, Weekly Report p. 1823)*

On an amendment by Matthew F. McHugh, D-N.Y., a subcommittee member, the committee boosted 1981 direct lending authority for the Export-Import Bank to $4.754 billion, the amount requested by President Carter. The subcommittee had cut $500 million from Carter's request.

The committee also approved an administration request for $65 million to assist in resettling Cuban and Haitian refugees in the United States, including $35 million for grants to private agencies helping the refugees and $30 million to continue operating refugee camps through December 1980 in Florida, Arkansas and other states.

And Rep. C. W. Bill Young, R-Fla., a foreign aid critic, sponsored a successful amendment raising the amount of military assistance grants to $102.5 million — $8.1 million more than the subcommittee recommendation. Most of the money will go to Spain, Portugal and the Philippines, where the United States has major military bases.

The committee endorsed moves by the subcommittee to eliminate $5.5 million in military aid to Nicaragua, and to restrict arms sales loans to El Salvador and South Korea.

Saying it was "deeply concerned with the continuing violence in El Salvador," the committee instructed Carter not to loan $5 million to that country without prior committee approval. And the committee insisted that Carter "review developments" in South Korea to make sure the military government does not use military equipment purchased with U.S. loans to enforce martial law.

In an important victory for Carter, the committee also rejected a move by Young to require an appropriation of $1.4 billion in "callable capital" for the international development banks, including the World Bank. The vote was 27-11.

Callable capital is similar to a loan guarantee: the banks use it to borrow money, which in turn is lent to developing countries. None of the $11 billion previously appropriated for callable capital has ever been spent.

This year Carter asked Congress to eliminate the requirement that callable capital be appropriated. The change will make the foreign aid bill appear $1.4 billion smaller than if callable capital were appropriated.

But Young said Congress must appropriate the money in order to keep "control over the banks." Taking the callable capital out of the bill "is a sleight of hand."

Young's amendment was opposed by Clarence D. Long, D-Md., the chairman of the Foreign Operations Subcommittee, who reversed his position on the issue. "But we're up against a practical problem," he said. "If you insist on appropriating it, it means we're not going to have a foreign aid bill."

Young then quoted from the transcript of a meeting in March, when Long said of Carter's request: "I am going to oppose this with everything I've got."

An embarrassed Long said he was now going along with Carter because of the need to pass the foreign aid bill.

The committee took no action on a last-minute administration request for an additional $144 million for the development banks. Carter said the money is needed to make up for spending cuts this year.

The bill includes $1.6 billion for the banks. A Treasury Department spokesman said that is the "absolute minimum" necessary to meet U.S. obligations. That includes $939 million for the International Development Assn.

—*By John Felton*