

# LEADER IN HOUSE ACTS TO COMPEL ARMS SALE STUDY

## Widnall Seeks to Bar Rise in Latin Aid and Force a Weapons Review

## SYMINGTON JOINS FIGHT

## Says He Will Support Move to Drop Pentagon's Fund That Helped Purchases

Excerpts from Senate hearing  
will be found on Page 2.

By NEIL SHEEHAN

Special to The New York Times

WASHINGTON, July 24—The minority leader of the House Banking and Currency Committee sought today to force a policy review of United States arms sales by attempting to delay an Administration bill to increase economic aid to Latin America.

The move in the House came as Senator Stuart Symington announced his support for abolition of a \$383-million revolving credit fund that the Defense Department has been using to guarantee loans for the purchase of American arms by underdeveloped countries.

Mr. Symington is chairman of the Senate Foreign Relations Subcommittee on Near Eastern and South Asian Affairs. Yesterday the subcommittee released testimony by Administration officials and the world's leading private arms merchant. It disclosed that United States controls over surplus American weapons in the hands of European nations were breaking down.

The minority leader of the House committee, William B. Widnall, Republican of New Jersey, said the bill to increase the contribution to the Inter-American Bank from \$760-million to \$900-million over the next three years should be postponed until the Administration clarified its arm sales policies.

### Action Due Tomorrow

The House is scheduled to act on the bill Wednesday.

President Johnson wants the increase to support a pledge made at the Punta del Este Conference in April that he would seek more American aid to help in forming a Latin-American common market.

Mr. Widnall noted statements Senator Symington made at a news conference this morning that the Administration might have used "back-door" financing to circumvent Congressional limitations on arms shipments to Latin America.

"Unless final House floor debate on the Inter-American Bank bill is delayed pending

Continued on Page 2, Column 3

clarification of this question," Mr. Widnall said in a statement, "I have serious doubts whether the Administration will find a majority of the House ready to vote for a substantial increase in long-term development lending through the Inter-American Bank."

### Bank Is Supported

Mr. Widnall also said he was a "staunch supporter" of the Inter-American Bank and that he would "hate to see it threatened by debate over recent Export-Import Bank arms sales to Latin America."

Mr. Widnall already has forced a delay on House action to extend the life of the Export-Import Bank for another five years and to increase its lending authority.

He won the delay after senior Administration officials acknowledged in closed hearings before the committee last Monday that the bank had indirectly lent \$591-million in the last two fiscal years to 14 underdeveloped countries to buy American arms.

Subsequently, Mr. Widnall called for a Congressional review of arms sales. It is understood that he is attempting to delay both bills to force the review.

The Administration is defending the arms sales program vigorously. Last week Secretary of Defense Robert S. McNamara called on Mr. Widnall and today Deputy Secretary of Defense Paul Nitze visited Representative Henry S. Reuss of Wisconsin.

Mr. Reuss, a senior Democrat on the banking committee and a respected liberal, has sharply criticized the arms sales.

Mr. Nitze also told the banking committee last week that the sales were good for American industry.

Senator Symington said today that he had presented an amendment to the Senate Foreign Relations Committee that would empower the President to reduce or to cut off United States economic aid to countries such as India that make large arms purchases from third countries.

The Missouri Democrat accused the Administration of trickery in financing arms sales through the Export-Import Bank.

"We were assured," he said, "that the Central and South American development was economic—not an arms race."

"Then we find there's this trick of back-door financing through the ex-im bank. All I can say is that we [Congress] have been taken."

Informants have disclosed that about \$100-million of the \$591-million in so-called "Country-X" arms loans from the Export-Import Bank in the 1966 and 1967 fiscal years went to five Latin-American countries — Brazil, Argentina, Venezuela, Chile and Peru.

Under the Country-X procedure, the bank simply opens a line of credit to the Defense Department arms salesman, Henry J. Kuss Jr. Mr. Kuss then lends it to the country involved for the arms purchase.

The loans are guaranteed by the Pentagon's \$383-million revolving fund under a law that requires that only 25 per cent of the loan must be covered from the fund.

Congress has imposed limitations of \$30-million a year in arms sales to Latin America and \$55-million a year in military assistance grants. The ratio of loans, however, indicate that the Administration has been selling about \$50-million a year in arms in Latin America.

Mr. Symington said the economic aid programs for Latin America "have been sold [to Congress] on the basis that this is where we're not going to have another arms race."

### Peruvian Plans Cited

The Senator cited the report that Peru intended to purchase supersonic Mirage jet fighters from France as support for his amendment to empower the President to reduce or eliminate economic aid to nations making large arms purchases from third countries.

Peru, he said, is a "poor country" that has no need for such sophisticated aircraft.

"If they are going to buy them I don't think we should continue economic aid," he said.

The Senator cited India and Egypt as examples of countries that had been able to spend foreign exchange for armaments because they were receiving economic aid from the United States.

India has obtained its aircraft largely from Britain and the Soviet Union, while Egypt has received its planes entirely from Moscow.

Senator Symington contended that "the tremendous amount" of food and other economic aid "we've given India has made it possible for her to have the largest air force in that part of the world." He said the thing had resulted from American food shipments to Egypt.

"One can't help but believe that if we hadn't given the aid there wouldn't have been wars in those areas," he said.

An amendment to abolish the Pentagon's revolving arms sales credit fund, which Senator Symington said he would support, is scheduled to be presented to the Senate Foreign Relations Committee later this week by Frank Church, Democrat of Idaho.