This option must be examined because longer-term fixed-rate financing must be made available if the United States is to compete for billion dollar projects against the British, French, Russians and Japanese. So this is why the Beckham-Matthews resolution calls for "the early rechartering of the Exim bank" and for the adoption of "economic and credit policies which convert the outstanding dollar liquidity into capital investment in hard commodity, high technology exports which will insure high levels of capital formation in the private sector."

Ever since Georgia Rep. Vinson Wall introduced his anti-Panama Canal treaties bill early in the just-concluded legislative session, some capital wags have joked about the General Assembly having a "foreign affairs concern." Yet, in the instance of the Beckham-Matthews bill, we wish the economic principles the two legislators enunciate were the guiding basis for the U.S. foreign and domestic policy.

Would it be asking too much if the U.S. Congress were to adopt similar legislation?

Strauss: "The Answer Is A Tremendous Export Thrust"

Washington Post, "Saudis Link Oil Prices To a Stable Dollar," by Hobart Rowen, March 22:

King Khalid of Saudi Arabia has told President Carter that oil prices may have to be raised if the U.S. dollar continues its decline in world markets....

The declining dollar, which contributes to inflationary pressures here by boosting the cost of imported goods, also has had an adverse impact on the oil cartel. For OPEC, which sells its oil for dollars around the world, a cheaper dollar amounts to a cut in their prices, and a loss of real revenues....

Carter has been urged to take stronger anti-inflation steps by Federal Reserve Chairman G. William Miller, and by both Republican and Democratic members of the Joint Economic Committee. Additional anti-inflation measures have also been urged by the Government's own wage-price watch-dog, Barry Bosworth, director of the Council on Wage and Price Stability.

As part of a new basket of actions dealing with inflation, the Administration reportedly is considering a Government task force to see how American exports might be stimulated....

An intensified export drive, some Administration officials believe, would cut down the U.S. trade deficit, which is one of the sources of pressure on the dollar....

White House officials have been working on various anti-inflation options with the hope of making something public by Thursday. But officials cautioned yesterday that that date might "slip," because final decisions have not been made by the President.

The idea of an export task force has been pushed by the Commerce Department, and endorsed by Special Trade Representative Robert S. Strauss.

"The answer to this nation's problems," Strauss said in an interview, "is not in restricting imports, and making the buying public pay more money when they're already choked by inflation, but the answer is a tremendous thrust from an export program."

But other officials, who concede that it would be useful to sweep away any artificial impediments to exports, caution that any benefits would not be gained in the short run, and certainly not quickly enough to ease current pressure on the dollar.

High on the list of potential actions to stimulate exports, according to informed sources, are tax incentives, even though the Carter Administration has rejected continuation of one form of export tax incentive, the DISC program, in its own tax bill now before Congress.

Other possible steps include beefed-up export financing, bolstered export promotion drive, and an effort to persuade private businessmen that great export opportunities exist if they would put more effort into it. "We may have to act more like the Japanese do," one official said.

Not all Administration officials are sold on this approach, especially if it includes a politically embarassing reversal on tax-incentives for exports. "Besides," says one unconvinced official, "if the United States tries to pay its oil bills by pushing exports into the less developed countries with the help of subsidies, that's hardly a contribution to global strategy."

Less Is Not Moore

In the February issue of Finance, The Magazine of Money and Business, *William J. Anthony, Executive Vice-President of Philadelphia's Fidelity Bank reported on the dramatic reversal which President Carter has made with the selection of John L. Moore as chairman and president of the Export-Import Bank of the United States. The cover article featured a drawing of the United States pictured as a cornucopia, spilling forth nuclear power, agriculture, steel, forest products, and tourists. The following are excerpts from the article:*

...The counter-revolution is a positive development, not only for the United States, but also for the world economy. For Mr. Moore has made clear that Eximbank no longer would be merely a "lender of last resort," but would take an aggressive posture in promoting U.S. exports...

Mr. Moore, a close associate of President Carter, and a lawyer with no experience in international finance, brings a totally different philosophy to Eximbank. To him, it is one of the weapons available to the Administration to achieve overall policy objectives. But while he began last year by speaking out strongly for policies ranging from "human rights" to support of minority-owned small enterprises — as guides to

Eximbank lending programs — he has made plain now that the major thrust will be aimed at Exim's counterparts in Europe and Japan.

In short, he is concentrating on how foreign financing programs affect U.S. exports —*which we believe is the proper focus for Eximbank's chairman* — and how these may be offset by programs which can make American firms competitive in overseas markets....

"We're going to give these negotiations everything we've got, because only then will we be able to convince the Treasury, and the American people, that we need the means to compete," Mr. Moore said in a recent interview. So great is this concern about competition that he does not rule out some very unorthodox approaches — unorthodox, at least, for the U.S. He is particularly irritated by European programs that insure against losses due to exchange-rate fluctuations, and against inflation-induced cost rises, which have cost countries such as France and Italy hundreds of million of dollars a year....

One of Eximbank's responsibilities at this time is to help restore confidence in the world economy, he feels, since many countries are holding back on projects out of concern about the world recession. "It is incumbent on this agency to encourage capital projects and to make sure that potential borrowers know we're open for business. Korea, Taiwan, Mexico and Algeria are some of the countries with good potential."

The new chairman said Exim would not turn down a credit merely because the current price of the product was depressed. As long as the plan is well thought out, and as long as "we're not concerned about adverse impact on competitors in the United States," the project would be eligible for Exim funds. "Everyone loses if a major project somewhere gets in trouble," Mr. Moore said. "This is not to say, though, that we should avoid taking risks in commodity production, where there are long lead times and cyclical prices. I think we should even look at copper projects, even though the price is terrible right now." Eximbank has no "artificial country limit," and each request for credit will be determined on a project-by-project basis.

At this point, Mr. Moore estimates that by fiscal 1979, Eximbank will be extending between $5 billion and $5.5 billion in direct loans all told. He said that the agency's medium and short-term programs had not declined, although if inflation were taken into account, the real amounts expended might have dropped. But this may be corrected as a result of a review by Exim's current pricing structure on guarantee and insurance programs.

"This Administration should take a very positive stance for this Bank," he stressed, because such a posture " is needed to encourage the exporting community in this country. Above all, when I go around the world, I need to be able to say to planning ministers and others that we can move ahead, and that we've got the capacity at Eximbank to do whatever they want."

John Moore believes his experience as a lawyer and negotiator has prepared him well for the new role. "I feel comfortable in a negotiating framework wherever I am," he stated. The counter-revolution that he has brought to Eximbank should be warmly welcomed. As we have often argued, the United States cannot ignore its balance of trade, and Eximbank is an important tool in making American industry competitive.

At a meeting of the Arab-American Association for Commerce and Industry last month, Eximbank Chairman Moore revealed the extent to which Exim already has moved to implement his newly "aggressive posture."....

...He said Exim's particular interest would be in opening up new markets in the Middle East, through expanded U.S. exports. Exim negotiators, he added, have been talking joint-financing, with both Kuwait and Saudi Arabia, of projects in such underdeveloped Arab states as Oman, Sudan and Yemen.

The agency's biggest Arab market to date is Algeria, Mr. Moore pointed out — which ranks seventh among all national markets on Exim's lending list, with $893 million committed. Several huge gas-processing projects are in the works, designed and equipped by American firms. "We are prepared to provide additional broad-based support for Algeria energy resources development projects," he said, "(including) essential infrastructure projects such as power and transportation facilities."

Besides Algeria, other Arab countries soon to benefit from Exim-supported energy projects include Morocco, with a power-distribution system; Tunisia, developing an offshore gas field, and Oman, where the U.S. agency is sponsoring a refinery and LPG plant.

Miners Vote On New Coal Pact

As we go to press, 160,000 members of the United Mineworkers (UMW) union are voting on the terms of a contract with the Bituminous Coal Operators Association (BCOA) that could end the 109-day old national coal strike. While sources in the union report that the contract "should pass," the vote is expected to be extremely close. *Executive Intelligence Review* will present a full analysis of this crucial vote and its implications for the country in our next issue, as well as exclusive reports on the plans of Institute for Policy Studies-linked coal field terrorists for continued disruption of coal production regardless of the outcome of the ratification process.