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Vote Is Set on Arms Loans

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A fight to deny the Export-Import Bank authority to make loans for arms purchases by underdeveloped countries gathered momentum in the Senate yesterday.

A showdown vote on an amendment to bar further extension of such credit was scheduled for 2:15 p.m. today

after a lively debate over whether the Administration withheld details of the arms financing from Congress.

Sen. Allen J. Ellender (D-La.), author of the amendment to the Export-Import Bank extension bill, called it "backdoor financing" and Sen. Frank Church (D-Idaho) charged that a "blindfold" had been clapped over Congress.

Although the Pentagon has made \$604 million in such loans over the last two fiscal years, from lines of credit advanced by the Export-Import Bank, Ellender said he was advised of it only last year by Harold F. Linder, president of the Bank, while on a trip to Chile.

Sen. Edmund S. Muskie (D-Maine), manager of the Export-Import Bank bill, maintained, however, that the information has been available for nearly three years to those who read committee reports. Muskie said Export-Import Bank participation in the arms financing was first disclosed in a House Foreign Affairs Committee report in 1965, and further details have been disclosed since.

Muskie acknowledged to newsmen, however, that Administration spokesmen in effect had "apologized" to his own Senate Banking Committee for not keeping it better informed.

The Banking Committee voted last Wednesday to leave unimpaired the authority of the Bank to make the loans,

except for this limitation: At no time could the Bank have credits outstanding for arms sales to underdeveloped countries in excess of 7½ per cent of the bank's \$13.5 billion total lending authority. There is now no limit.

Such loans to underdeveloped nations are known as "country-x" loans. No restrictions would be on further direct loans by the bank for arms purchases to so-called credit-worthy countries.

Ellender said his amendment would bar loans only of the "country-x" type, although he would like to bar all arms-financing credit.

Administration forces face still another hurdle in their efforts to keep the authority of the Export-Import Bank intact. Sen. Everett M. Dirksen (R-Ill.) and 14 Republican cosponsors introduced an amendment designed to block the Bank's plan to help finance the purchase of machine tools for the billion-dollar Fiat