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THE WHITE HOUSE
WASHINGTON

December 30, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Eximbank Budget Appeal

Confirming phone call to your office, the President reviewed your memorandum of December 22 on the above subject and approved your recommendation to accept the proposed compromise alternative.

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE
WASHINGTON

12/30/76

December 29, 1976

MR PRESIDENT:

EXimbank Budget Appeal

The attached memorandum was staffed to Messrs. Marsh, Scowcroft, Seidman and Greenspan. They all concur in the decision to accept the compromise.

Jim Connor



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 22 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. Lynn
SUBJECT: Eximbank Budget Appeal

As the following table shows, you decided to terminate Eximbank's discount loan program in 1978 and to reduce the Bank's guarantee and insurance program by \$1 billion.

Eximbank Program Activity
(\$ in millions)

	<u>1977</u>		<u>1978</u>			<u>1979</u>	
	<u>Budget</u>	<u>Est.</u>	<u>Request</u>	<u>Pres. Decision</u>	<u>OMB Alt.</u>	<u>Pres. Decision</u>	<u>OMB Alt.</u>
<u>Authorizations</u>							
Direct loans	4,075	2,500	3,675	3,675	3,675	4,000	4,000
Discount loans	1,000	700	700	-	500	-	500
Guarantees and insurance	<u>8,850</u>	<u>6,450</u>	<u>8,450</u>	<u>7,450</u>	<u>7,450</u>	<u>7,450</u>	<u>7,450</u>
Total program	13,925	9,650	12,825	11,125	11,625	11,450	11,950
<u>Outlays</u>	1,306	897	1,086	967* 953**	965	913* 1,079**	1,091

* Estimate at time of Presidential decision

** Current estimate

Since that time two things have happened:

- Outlays have been reestimated to reflect continued lower levels of export activity in 1977 and a pick-up in 1978, and
- Eximbank has tightened its lending criteria for both the direct and discount loan programs.

The net result is that outlays are now estimated to be \$23 million lower in 1978 and \$166 million higher in 1979. Further, because of the tighter lending criteria the outlay impact of continuing the discount loan program is now estimated at only \$12 million.

OMB and Eximbank have agreed on a compromise alternative which would include the following:

- Acceptance of your previous decision to constrain growth in guarantees and insurance.
- Continuation of the discount loan program, but at a lower level than originally requested.
- Lowering the estimate of 1977 direct loan authorizations.

I recommend that you accept the proposed compromise alternative. My recommendation is based on the belief that:

- Under recently revised estimates the outlay savings from termination of the discount loan program would be very small.
- The discount loan program does fill a real need in the export credit market.
- Steve DuBrul believes that continuation of the program is an important indicator of Administration support to exporters.

DECISION

Accept the compromise (Exim/OMB)

RR 7.

Reaffirm tentative Presidential
decision

Date: December 23, 1976

Time:

FOR ACTION:

cc (for information):

Alan Greenspan ✓ Jack Marsh

✓ Brent Scowcroft

✓ Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 28, 1976

Time: 10:00 A.M.

SUBJECT: James T. Lynn memo, 12/22/76 re Eximbank Budget Appeal.

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

*Seidman - accept compromise
Scowcroft - (Harmats) concurs
Marsh - concurs
Greenspan - ✓*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

If you have any questions or if you anticipate delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

Date: December 23, 1976

Time:

FOR ACTION:

cc (for information):

Alan Greenspan
Brent Scowcroft
Bill Seidman

Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 28, 1976

Time: 10:00 A.M.

SUBJECT: James T. Lynn memo, 12/22/76 re
Eximbank Budget Appeal.

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Accept
compromise
JC

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President



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Reaffirm tentative Presidential
decision _____

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