On the one hand, it is envisioned that the fund would support an integration arrangement encompassing all Latin American countries and be based on a much more rapid rate of intrazonal trade liberalization than during 1962–1966. These factors could increase the need for adjustment assistance relative to past experience.

On the other hand, criteria for drawings are contemplated that would assure that not all or perhaps even the majority of incremental deficits lead to drawings from the fund. If, for instance, the incremental deficit arose from a diversion of imports from extra- to intraregional sources or could be financed from an extraregional surplus or the surplus country was itself in a position to finance part of the deficit, the need for drawings would be lowered or eliminated.

It is anticipated that adjustment assistance for particular industries and labor would be provided through national agencies established for this purpose. Drawings, presumably, would be based on criteria that require applicants to show that they had been damaged by integration rather than by bad management or by the trade and financial policies of their governments. Moreover, damage from integration might not necessarily lead to drawings for industrial adjustment assistance. The dollars received under balance-of-payments drawings from the fund, for example, might be used to finance the capital equipment or technology required for modernization or conversion to new lines of production and thus serve a dual purpose. Or the local currency counterpart to such drawings might be used to provide training to workers and perhaps some financial assistance during the retraining period. Furthermore, in addition to drawings on the adjustment assistance fund in foreign currencies, other resources in domestic currencies would presumably be made available to national agencies by their governments. With all these limitations probably no more than 10 to 15 percent of regional integration adjustment resources would be used for this purpose.

It is believed, accordingly, that the proposed fund would roughly meet anticipated needs. If Latin American fears of damage from integration are to be overcome, the fund should have available resources on a standby basis adequate for several years' operations. If the dislocations they fear do not materialize, part of the funds need never be called. After 1980, when the transition period would end, the fund would be expected to cease lending operations and gradually liquidate its debts.

Mr. FULTON. As one fellow counsel to another, I feel that any excess verbiage causes trouble in trying to find out what is meant at a later date. My recommendation is that every "Whereas" clause except the last two be deleted. I think they are unnecessary, and we may get variations in what history is and what our intentions really are.

We should not try to decide which shall be the first as to Congress and the President on affirmative actions in the international field. The situation might be like the legislature of one of the early American States. They were dealing with the problem of a single-line railroad with certain spurs or sidings for passing. The legislature had decided that they would have a statute saying that whichever train arrived at the siding first should pull onto the siding. But then the legislature added a further provision that when that had occurred, neither train shall proceed until the other train shall have passed. You see, we can get into that situation with the President—neither one of us can act until the other has already acted.

Thank you, Mr. Chairman.

Chairman MORGAN. The gentleman's time has expired.

Mr. Findley.

Mr. FINDLEY. Mr. Ambassador, I appreciate the fact that this resolution is before the committee. To me, it gives the House an additional and helpful role in the development of foreign policy.