Perhaps the most significant single statistic is that the proportion of Americans visiting Europe compared to Europeans visiting America is steadily decreasing. That, gentlemen, is the end result most greatly to be desired.

CTOA's great concern is that steps should not be taken at this time which might achieve only a limited correction of the immediate problem and correspondingly produce long-term results far more damaging to our national interest than those difficulties which face us today.

May I take a moment to place our particular position in the overall situation into some perspective?

Herr Othmar Emminger, a member of the board of governors of the German Bundesbank, announced in New York Thursday that a study by the OECD projects the following savings in 1968 as a result of the program proposed to improve our balance-of-payments position. From a reduction in direct investments abroad—$1.5 billion; on bank loans—$800 million; on reduced foreign travel—$300 million.

Here in Washington, the Department of Commerce announced Friday its analysis of the root causes of the serious deterioration which occurred in the last quarter of 1967. Commerce determined that a $720 million decline in our trade balance occurred, caused by a $560 million increase in imports and a $160 million decline in exports. The second major factor was the $560 million decline in foreign purchases of U.S. securities, caused by the final liquidation of British assets here.

This $1.28 billion deficit caused the sudden and dramatic increase in the adverse position and triggered the present proposals, but stemmed from relatively short-term situations and, in some cases, nonrecurring situations which are likely to respond fairly quickly to short-term remedies or are already being solved. In contrast, the much smaller deficits ascribed to the travel imbalance call for progressive application of long-term remedies. As recently as last spring, Secretary Fowler stated:

> That potential for stimulating very substantial travel to the United States is great indeed. . . . Our receipts from overseas visitors have doubled since 1961.

The appointment of a presidential task force to seek long-term solutions further emphasized the need to work progressively toward a change in this particular aspect of the overall problems.

An article in yesterday's New York Times quoted the Presidential task force regarding the transportation aspect of the balance of payments as follows:

> The travel data presented officially omit associated expenditures in the United States that may result directly from present foreign-travel levels:
>
> "Last year all foreign airlines bought $921 million worth of United States aviation equipment. The travel deficit in the excess of air fares paid by United States tourists to foreign-flag carriers over the fares paid to United States flag carriers for foreign travel was $580 million last year. Thus, the actual balance of these items was $341 million in favor of the United States."

As the article further points out, there is some doubt as to the validity of the statistics of the so-called "travel gap." It is very difficult to pin this down. Nevertheless, CTOA suggests the following steps to improve the balance-of-payments problem.

First, we would support the cancellation of all special allowances related to the purchase of goods abroad by tourists.