A very important section in the early part of this statement is that which appears on page 7, entitled "Do Mandatory Controls Work?"

I should like to read the quotation included in the statement, a quotation from the Council of Economic Advisers' report to the President for this year, 1968. It reads, referring to price and wage controls:

> Direct controls.—The most obvious—and least desirable—way of attempting to stabilize prices is to impose mandatory controls on prices and wages. While such controls may be necessary under conditions of an all-out war, it would be folly to consider them as a solution to the inflationary pressures that accompany high employment under any other circumstance.

And listen to this reasoning, if I may interject:

> They distort resource allocation; they require reliance either on necessarily clumsy and arbitrary rules or the inevitably imperfect decisions of Government officials. They offer countless temptations to evasion or violation; they require a vast administrative apparatus. All these reasons make them repugnant. Although such controls may be unfortunately popular when they are not in effect, the appeal quickly disappears once people live under them.

We ask the very simple question: Is there any reason why mandatory controls as to foreign direct investment, or even as to travel, are more likely to work in a pragmatic sense or less likely to be repugnant to our system?

Please bear in mind that the individual who approved that passage for the Council of Economic Advisers, Mr. Ackley, had extensive experience with controls during World War II. Indeed, it is our firm conviction that direct controls under the foreign direct investment program entail more difficulties and more complexities than is even the case under price and wage controls because here we are dealing with international situations. We are dealing with international entities. We are dealing with foreign corporations. We are dealing with foreign laws, and foreign restrictions, and foreign relations, and we are dealing with this very complex and indivisible web of foreign trade.

Now, in general, for reasons that are spelled out in our statement and because of our concern about the philosophy of the approach to this balance-of-payments programs, because we believe that the goal is quite a limited one in respect to the travel restrictions, because we believe that the process will be administratively very difficult and costly, because we believe that there will be a boomerang effect on the ability of foreign countries to buy imports from the United States as a result of restrictions on exchange, and for the other reasons set out in this statement, we oppose the enactment of the travel restrictions before this committee.

In terms of dimensions I call your attention to the fact that all that is being sought here is a $400-million saving. There is an additional $100 million that the President believes he will achieve from his request for voluntary cutback in foreign travel.

Just for purposes of comparison, bear in mind that your own record in these hearings spells out that we are losing in balance of payments at the rate of $600 or $700 million a year just because of the copper strike.

In terms of the statements that have been presented to you we have read those of Messrs. Frankel, Wilcox, and Seath, and I believe that their presentations are cogent and persuasive.

May we turn now, having made clear our opposition to the travel proposals that are before you, and the rationalization for that opposi-