measures proposed would apply only to trips outside the Western Hemisphere.

The manner in which the administration approached the balance-of-payments issue at the turn of the year took near-panic proportions which the response from many congressional quarters has been matched in kind. The kind of deals that may be negotiated between the two ends of Pennsylvania Avenue as a mean of sweetening objectionable travel-control pills or defusing the import quota bills would aggravate, not remedy, the balance-of-payments problem. The core issue in the balance-of-payments problem is a world confidence in the dollar. The proposals before you—in fact, any kind of restrictionism or protectionism—tend to increase world uncertainty about American policy, American credibility, and, inevitably, American currency.

What should have come out of the administration was a strong statement highlighting the following points:

(a) explaining the reasons for the enlarged payments deficit recorded in 1967, and particularly in the fourth quarter, or at least the broad outlines of the reasons—they are not signs of weakness;

(b) showing the strong position of the U.S. dollar compared with other major currencies;

(c) emphasizing the constructive steps to be taken in domestic and foreign policy to keep the dollar strong and make it stronger; for example, determination and ability to control inflationary pressures, and intention to reduce the dollar outflow attributable to U.S. military commitments abroad by a more efficient execution of those commitments, less expensive in balance-of-payments terms;

(d) explaining the harmful implications for all countries of restrictionist measures we could take in our foreign economic policy but are determined to avoid unless absolutely necessary;

(e) calling upon the creditor countries of Western Europe to carry out the responsibilities that devolve on countries enjoying that kind of balance-of-payments position; and

(f) declaring the Government's intention (i) to free all our gold reserves for the settling of dollar conversions by foreign governments and central banks that might prefer sterile gold to the world's strongest major currency, and (ii) to stop guaranteeing the world's gold speculators a floor under their monetary machinations.

In short, what was and is needed is a balance-of-payments strategy that takes accurate account of the dollar's strength in the world economy and the far-reaching international implications of the decisions we make in foreign economic policy. The proposals before you—aimed at legislatively turning down the tap of dollar outflow on travel account but without evidence of the most meticulous grasp of the facts and of the complex issues—seem more in the realm of plumbing than of policy.

Mr. Herlong. Thank you, Mr. Hight, for your statement.

Are there questions?

If there are no questions, thank you again for your contribution to the committee.

Mr. Hight. I am grateful for the opportunity of appearing.