

ucts, national preference laws and practices, surcharges and stamp taxes, and the like. These nontariff barriers are, in many cases, more restrictive than the tariff barriers. This is the area where relief is needed but it will take time.

There are other policies that inhibit improvement of our trade balance. The State Department has reversed its traditional opposition and has come out in favor of commodity agreements in response to the demands of the less developed countries. These often involve stabilizing the prices of the commodity involved at relatively high prices, thus insuring that our import bill for such commodities will remain at a high level or go up.

Another policy that is bound to have deleterious effects upon our trade balance is in the making. We have now reached agreement in the Organization for European Cooperation and Development to try to work out with the less developed countries a system of preferential tariff arrangements. This matter is now under discussion at the second United Nations Conference on Trade and Development in New Delhi. The proposal is for preferences without reciprocal advantage and thus, if agreed, can be expected to have an adverse impact on our trade balance.

None of the actions thus far taken or proposed are conducive to improving our trade balance. That balance, as noted above, has declined substantially since the high point reached in 1964.

Trade should make a contribution to our foreign exchange earnings. It has been making little or none in the past two years. In the absence of substantial positive steps to reduce restrictions abroad and improve the capacity of our exporters, there is little reason to expect that it will begin to do so soon.

Tourism.—The recommendations contained in the report to the President from the Industry-Government Task Force on Travel on February 19, 1968 are most welcome. I cannot help but enthusiastically endorse them since our Association has made comparable suggestions over the past two years. I am particularly pleased to see the proposal for discounts on roundtrip air and steamship fares to the United States and hope that this recommendation will be implemented by the International Air Transport Association, the steamship liner conferences, and foreign governments. We also endorse the proposal for an expanded and improved U.S. Travel Service with an increased budget with the understanding, as set forth in the Task Force report, that substantial increases in appropriations will be subject to presentation of a program justified by them.

Certainly we would be better served by increasing foreign travel in the United States to overcome our deficit on travel account than by placing restrictions on the travel of Americans. Should it be necessary to impose restrictions on travel Americans, these restrictions should be temporary in nature and removed as soon as positive steps have brought the account into balance. Certainly any restraints imposed on foreign travel should be equitable, easy to administer, and capable of fair enforcement.

In view of the increased personal income levels, reversal of travel habits of Americans will be difficult. The trend shown in Table 7 has been steeply upwards. In 1968, the special attraction of Expo 67 will be in part replaced by the Olympics, and the Caribbean and Latin America may become inviting second choices to many travel-bent Americans. The target of a \$500 million saving in this area in 1968 is somewhat optimistic.