

expect to increase our trade surplus with them because it is already very high. It is on the average about \$2 billion a year.

There are certain policy positions of the U.S. Government that will militate against a substantial net increase in trade surplus.

I must make it clear here that I do not foreclose and I hope our policies will lead to a general increase in world trade both ways. I think international trade is the leaven of international living and that this trend that has been observed in the last 20 years will continue. But here we are talking about the ability to create a net surplus unilaterally for the United States, which means that other countries must accept more goods from us than they sell to us, which is an entirely different problem.

There are certain policy positions of our Government that will make it difficult to achieve this objective.

First, of course the adherence to GATT, which has rather preferential arrangements for other trading blocs in the field of taxation. The organization of trading blocs also discriminate against outsiders and will tend to diminish the market for end products from the United States.

I think if you look at trade statistics you will find that we have become suppliers of agricultural products, machinery, and industrial raw materials.

Then there are many nontariff barriers which must be eliminated. Again it is a question whether they are going to eliminate them on a unilateral basis in order to help us sell more.

Recently the administration has changed its opposition to commodity agreements and is now supporting it as a concession to less developed countries. Obviously the effect of this is going to be to increase the price of commodities that the United States buys from these countries, coffee or oil nuts of various kinds.

It is very astounding to me that at the very time that we are considering export incentives for encouragement of exports we have before the Senate a grain arrangement which proposes an increase of 21 cents per bushel of grain. How we expect to sell more grain by increasing its price escapes me.

These are inconsistent policies that have to be ironed out.

Then we are now proposing at New Delhi preferential tariff treatments to underdeveloped countries. The announced purpose of that, of course, is for these countries to increase their exports to the developed countries, primarily the United States.

All these policies in the long run will have the effect of narrowing our trade surplus instead of increasing it. So in this area I come to the conclusion that the \$500 million expected improvement in the year 1968 is likely to elude us.

Coming to tourism, our group does not have a position on the President's recommendations except insofar as will appear in my concluding remarks.

The American community has to share whatever sacrifice we are called upon to make. We are wholeheartedly for the President's Industry-Government Task Force on Travel recommendations which appeared on February 19. We enthusiastically endorse these because many of these recommendations were made in our book published 2 years ago and we are happy that now we are finally moving in the direction of encouraging tourism into the United States.