Balance of Payments Proposal. I felt from the very beginning that the program as outlined by President Johnson would be detrimental to the United States in the long run. With more of an opportunity to study and read exactly what is suggested, I am now convinced it will be. I'm sure we all agree that we cannot continue to have a balance of payments deficit. However, why is it logical to attack the very area that is adding to the credit side of the ledger, and to continue with our many and varied non-productive Government overseas programs? Is it logical to ask our corporations to curtail investments, which are now returning and will continue to return profits to the United States, while continuing with projects politically motivated, and which ultimately can return nothing to the United States?

The facts and figures alone bear out some of the statements in the previous paragraph. In the first half of 1966, corporate and individual investments overseas totalled 1.74 billion, and the return was 2.8 billion. For the whole of 1966, the return on investments was 5.65 billion, while new investments totaled 4.025 billion, leaving a favorable balance in this sector of our economy of 1.625 billion.

It is inconceivable to me that any American corporation would be desirous of, nor would the stockholders permit, making an investment in any country, United States or foreign, unless they expected a return greater than their investment. To place a moratorium on this type of investment for a period of time is only giving a carte blanche to our European or Far Eastern competitors to increase their share of the market, and ultimately will contribute to our balance of payment deficit.

The second item, the repatriation of foreign earnings, is much more difficult to discuss, and certainly we have a right in periods of national emergency to require that a percentage of foreign earnings be returned to the United States. It is not logical or economically sound, however, to set this percentage at such a high figure as to weaken our overseas corporations, and to leave them at the mercy of the foreign national organizations, who would ultimately destroy the profitability of same and again contribute to our payment deficit.

The temporary curbs on overseas lending would appear to be logical. Most American corporations should be able to borrow funds in the foreign country, even though ultimately they must stand behind such a loan. In this particular instance I certainly have no personal objection, and can agree with the basic idea.

Tourism—on the travel tax proposal. I find it quite difficult to understand why someone, a citizen of a free nation, should be told by the Government where he can travel. I realize that the proposal does not prohibit travel, but it has the same effect through the tax. The biggest objection I have to the travel tax proposal is the fact that I would expect to see a reaction by France, Germany, Italy, and other European nations, resulting in no great change in our balance of payment picture.

President Johnson's proposals for a travel tax would include businessmen traveling in order to increase exports. One way to help cure our deficit is to increase our exported goods, and yet the President is trying to tell the American businessman that he must pay an additional tax in order to help our program by creating more export sales. This is somewhat like telling a young child that he should work hard at his studies so he will be able to fill a need as a reporter for the school paper. However, to fill the need, he must pay a higher fee if he is going to study journalism.

It is also true that at the very time President Johnson was telling Americans that he wanted them to stay home, and that if they insisted upon going overseas he wanted them to be taxed heavily for this privilege, Senator Young of Ohio, Vice President Humphrey, and other members of the President's political party were traveling around the world. I find it difficult to discover why they are abroad. As a matter of fact, the Vice President was promising to give more aid in some areas of Africa, and hence create a bigger deficit.

I am sure that the committe wants the thoughts of all interested citizens and I hope I have clearly stated my reasons for believing that the proposals of President Johnson will not solve our problems. No one proposed a measure that would help curb the continual outflow of dollars to nations throughout the world for various aid programs. The Administration's proposals are merely an aspirin tablet and if the cause is not corrected, our headache will return. I only call to your attention that during the course of his explanation, the President made the following statement "Today our domestic money, the U.S. dollar, is also the