

the balance of payments, or of expanding exports. We can only point toward expanding exports and the issue, as our committee sees it, is how do we do this.

An important first step is passage of the administration's new trade bill. By giving the President limited negotiating authority on tariffs we will be in a safer bargaining position than we are in today.

By getting rid of the outmoded American selling price system we will have removed what to foreigners is the stock symbol of American protectionism. ASP abroad is like a red flag to a bull. Foreign businessmen, who haven't the slightest idea what ASP is or does, inevitably use it to defend nontariff barriers in their own country.

I am advised that our Kennedy round negotiators received valuable concessions in exchange for ASP. The concessions would not only help our chemical industry export more abroad, but would also give us reductions in nontariff barriers to the export of our automobiles, tobacco, and certain agricultural products.

Now, in further inducement, the Common Market has offered accelerated tariff cuts if we abolish ASP. In Europe, let me admit, I have told businessmen that the Common Market's offer should have been made without strings. It is a time when America could have expected a magnanimous offer without haggling over details.

Instead we have a business proposition—something for something. Here at home I would add that we do have an offer from them and something is better than nothing. We had better do some hard thinking before we let it go by default.

Unfortunately, your hearings occur when our country finds itself uniquely pressured by events. A booming economy at home and a costly war abroad have combined to stimulate imports, to depress the growth of exports, and drain dollars through military expenditures. It is these events rather than any development in the trade picture which give your hearings their special urgency.

For the very same reason I think it is unrealistic to attach too much importance to our trade performance over recent months. If, as we urged in our submitted testimony, the United States controls domestic inflation through spending cuts and tax increases, the pressure we now feel will be relaxed.

This country, let me assure you, has a vigorous and competitive economy. We are competing successfully now. We will continue to compete successfully in the future.

Furthermore, we will compete most effectively with our brains. We will compete with a high wage and a highly educated work force that cannot be matched in this century by any other nation.

I have absolute faith in American business because I have seen both at home and abroad what it can do. Our experience in world markets, however, leads us to the firm recommendation that we begin now to lay the foundations for a fair competition policy that would achieve a substantial degree of commonness in an environment in which international business is transacted.

The objective of this policy should be to create a code or series of codes that would establish common norms and standards. Its achievement would allow U.S. industry to further increase its potential in overseas markets.