trade balance (approximately 3:1), which in turn places Holland in the position of being the foremost dollar producing nation of the Common Market as far as the U.S. is concerned.

BALANCE OF PAYMENTS

Much has been said and written about our balance of payments problem. We do not care to add to the vast information and materials available to the Committee on this subject except to make one or two observations.

The net outflow of U.S. dollars, it seems safe to conclude, has been due to the foreign operations of the government, the overwhelming amount of which has been for foreign aid and military expenditures. Whether the extent of such outlays has been wise is increasingly put to question. One thing is certain however, the U.S. foreign economic activity has run a strong surplus.

During 1967, the U.S. had an export surplus in its trade with the European Common Market amounting to $1,589 million, of which more than half ($856 million) represented the U.S. surplus in trade with the Netherlands.* It would seem unwise, in our view, to disturb, through trade restrictions, such a continuing favorable balance of payments at a time when there is such an obvious imbalance in other parts of the world through our current military and other government commitments.

We would repeat that the facts of the matter indicate that the current balance of payments deficits have resulted not from U.S. foreign economic activity or trade imbalance but from the net outflow of gold due to the government's foreign operations for economic aid and military expenditures which total $110 billion from 1948 through 1967. The private sector, on the other hand, shows a net trade surplus of some $84 billion for the same period. In due course, it is hoped, our balance of payments will return to normal when the extraordinary defense expenditures have been reduced or obviated.

The Netherlands has a tradition of free trade. It supports the free flow of trade into that country. It is basically a commercial country which has benefited from the Kennedy Round and G.A.T.T. Tariff reductions are essential if Holland is to continue to purchase American goods—which current sales exceed $1,250,000,000 per year. Any program which moves toward reduction of trade barriers is a step in the direction of one trading free world. Through the exchange of such commerce, the lives of our citizens will be enriched and the road opened for world peace.

CONCLUSION

This proposed legislation is part of our government's program to expand international trade and to stimulate our domestic economy. At the same time, it will provide this country with an opportunity to unify the West economically and build a position of strength for competition with the Soviet bloc. It will permit the United States to become a leader in the economic strategy for the West. The result will be a responsible long term program to maintain the West's competitive position in the world markets. Hopefully, such a program would also assist in relieving the balance of payments problem.

We are increasingly dependent upon foreign markets. Some 4½ million Americans derive their livelihood from foreign trade. Any serious restrictions on the trade activities as conducted under the presently proposed law would affect the employment of many of these persons.

The Chamber is not concerned with the likelihood of retaliation from abroad resulting from trade restrictions. It does fear that those trade restrictions imposed by the Congress would result in a reduction of U.S. exports abroad and the consequent deterioration of the U.S. competitive position abroad. At the present time, U.S. exports abroad have leveled off after an impressive increase in trade volume from 1958 through 1962. It is our fear that any trade restrictions imposed at the present time could very easily decrease U.S. exports abroad. The "Trade Expansion Act of 1969" would remove the principal reasons for such fear.

It is for these reasons that the Netherlands Chamber of Commerce in the United States, Inc. wholeheartedly supports the President's proposal as contained in the proposed "Trade Expansion Act of 1968".

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*Source: U.S. Dept. of Commerce, Bureau of Census: Highlights of U.S. Exports and Import Trade, FT 990, Dec. 1967, pp. 10 and 48; and FT 420, Calendar Year 1958.