

3. The regulations on technical data and licensing agreements should be re-evaluated and eased to eliminate unreasonable and burdensome requirements on U.S. companies with overseas operations.

4. Other special interest legislation such as that prohibiting importation of seven specific types of fur from the Soviet Union should be repealed.

5. The United States should strive to develop a code of principles involving non-discrimination with respect to trade between market and state trading nations in conjunction with GATT and the U.N. Economic Commission for Europe. It should also encourage Eastern European countries to become members of GATT, the International Monetary Fund, and the International Bank for Reconstruction and Development. One basis for Eastern European countries to become full fledged members of GATT would be along the lines recently used in the case of Poland. However, the objective should be to encourage all Eastern European countries to move toward multilateral trade, convertibility of currencies and world market pricing.

6. Finally, all the maze of laws, regulations, administrative procedures, rulings by the Department of Justice and other governmental organizations dealing with strategic controls, most favored nations treatment, importing, financial transactions, credits, disposal of agricultural surpluses, foreign assistance, and other matters should be thoroughly re-evaluated from the standpoint of U.S. foreign policy, national security, and economic interests. The objective would be to develop a body of laws and policies more adequate to deal with the emerging trends of the future and better to serve American interests in this country and overseas. A top level action-oriented committee of knowledgeable business executives, and other private experts should be appointed to advise on the formulation of a new policy on East-West trade.

Mr. ULLMAN. Thank you.

Are there questions?

Mr. BETTS. Doctor, you mentioned the fact that the passage of the tax bill would probably have a beneficial effect on the balance of payments. As I understand it, the American consumer is saving 10 billions of dollars in excess of normal. If that is true, the tax bill would take the \$10 billion in savings and put them in circulation by the Government.

How would that affect the balance-of-payments proposition?

Dr. DYMSZA. I think we projected our Government expenditures decrease, along with the tax increase, would actually hold down demand. I don't think the savings ratio is going to change that much. I don't know—as I understand it, there was an increase in real savings last year, but there has been some sign of the real savings going down and getting back into the customary rate of consumer spending. But I think the overall aspects of the tax increase, holding back consumer and other types of spending, and also placing less stress on monetary policy to hold down inflation—the combination of all these things would be helpful in stopping the rapid increase we have had in the last 2½ years.

Mr. BETTS. It just seemed to me that the tax bill would take the \$10 billion that is being saved now and not being spent and give it to the Government to spend. Wouldn't that offset the benefits of this and, to that extent, would hurt the balance of payments?

Dr. DYMSZA. I don't think a tax increase would actually come out of the savings. I think some of the tax increase would come out of consumer spending, and this would have an effect, and this in turn would affect other aspects of the economy.

Mr. BETTS. It would have to affect savings to some extent, wouldn't it?