

Mr. KINDLEBERGER. I am not a deep student of the details, but I think the thing to do is make some lists. I know the Americans object to the horsepower tax, and the quotas on automobiles in Japan. Those are being worked on right now, but with what success I am not clear.

Mr. CONABLE. We can't bid public contracts in most European countries.

Mr. KINDLEBERGER. We have just lately let foreigners bid on contracts here, and we still have the 50-percent "Buy-American" provision.

But I would agree that the world is getting smaller all the time, and we are trading more and more in each other's backyards.

Mr. CONABLE. We are a large factor in international trade, and I agree we should take leadership—

Mr. KINDLEBERGER. I would hope at least the way the committee and the House and the Congress would legislate on the program that it has before it now—that would strike me as being a useful way of proceeding.

Mr. BATIN. I have before me a monthly economic letter of the First National City Bank of New York, wherein they have reported a study of these costs, the increases. And, strangely enough, most of that increase, the cost-of-living increase, is in personal services, and not in consumer items, which, in fact, in the case of refrigerators, TV sets and things of that nature, there has actually been a decrease in price.

So maybe there would have to be another factor at work. Maybe it is just the affluence of our society.

Mr. KINDLEBERGER. You are entirely right. From 1960 to 1966, for example, the wholesale price index was—there was a study, and the cost of living went up from 100 to 112. That increase in the cost-of-living index didn't bring in many imports, because it was in things like schooling and medical care and entertainment, and so on, and these are items which are not susceptible to international trade.

Our current account of the balance of payments has improved from a very weak position in 1959 to a very strong position, as I tried to indicate, in 1964, which was sustained in 1966. It is only the inflation since 1966 which has been hurting the current account. We have had the deterioration of \$4 billion in that time.

I quite agree with you.

Mr. ULLMAN. Dr. Kindleberger, on behalf of the committee, I would like to thank you for your contribution.

Mr. FULTON (presiding). The next witness is Dr. Bender.

We would like to welcome you for your appearance before the committee and ask you to identify yourself and your association for the record, please.

STATEMENT OF MARK G. BENDER, PH. D., ASSISTANT PROFESSOR OF ECONOMICS, HOLY CROSS COLLEGE, WORCESTER, MASS.

Dr. BENDER. Mr. Chairman and members of the committee, I am Mark G. Bender, assistant professor of economics at Holy Cross College.

My purpose in appearing before the committee is purely informative in nature. My written statement is brief and therefore I shall read it directly.