

We have supported export of U.S. capital, especially where such capital is of benefit abroad as well as of value to our national interest. But we believe very strongly that Congress should view with grave concern this sharp rise of foreign investment by U.S. firms and the impact of these firms' foreign operations and the extent of their subsidiaries and other relationships abroad, on the U.S., on foreign nations, and on U.S. relationships with other nations.

We believe there should be a far-reaching investigation of the actual extent and character of this American capital investment penetration of the markets of the world and of U.S. company activities abroad to determine how they can best be controlled in the national interest.

One expert concluded that within the next ten years or so the world's means of production will be in the hands of six or seven hundred international companies—many of them being American. The impact of this upon the world is something that should cause us to reflect very carefully.

Trade Expansion Act of 1968

The Trade Expansion Act of 1968, HR 17551, represents what the IUE feels are useful suggestions for improving the U.S. trade policy. The purposes stated in the bill's Title I are, first, "to continue and strengthen the trade agreements program of the United States," second, "to establish a viable program of adjustment assistance for firms and workers affected by imports," and third, "to promote the reduction or elimination of non-tariff barriers to trade."

To accomplish these purposes will necessitate understanding and cooperation here in the United States and the same relationship between the United States and the rest of the world.

We in the IUE hope that changes outlined in the adjustment assistance section of this Act will provide the help and assistance to the many workers adversely affected by imports.

Non-tariff barriers must be reduced or eliminated before any effective trade policy emerges. This means a reciprocal relationship—not removal of barriers by some, but by all. American exports, as we have tried to point out, are hindered by non-tariff barriers. Countries must be willing to remove these barriers which in many instances are more subtle than some with which we are more familiar.

We support Title II which sets forth the basic authority for trade agreements as well as the amendment to authorize money to finance the budget of GATT. This is only proper since it is the procedure followed in meeting financial responsibilities to other international organizations.

As I mentioned earlier, we strongly support the changes in Adjustment Assistance in Title III. According to President Johnson's statement of May 28, 1968, the test should be simple and clear—relief should be available whenever increased imports are a substantial cause of injury.

Title IV deals with the elimination of the American Selling Price system. Here we will quote the AFL-CIO Convention resolution which states: "No tariff-cutting authority, beyond the authorization of the Trade Expansion Act, should be approved if there is any change of method of valuation of imports, such as the American Selling Price." If the ASP is removed, the effective tariff reductions in products affected should not exceed the 50% cut authorized in the 1962 Trade Act.

We recognize that the elimination of the ASP system would result in important reciprocal concessions from our trading partners. We would hope that if the system is removed, the long run result will be an increase in U.S. employment.

We support Title V which would extend the Adjustment Assistance provisions of the Automotive Products Trade Act of 1965.

I have attempted to set out the IUE's response to the Trade Expansion Act of 1968 and to emphasize those areas which should be given primary consideration in the establishment of U.S. trade policy. We do not advocate the so-called "protective" measures that have come to the forefront recently. We sincerely believe that voluntary agreement to remove non-tariff barriers to trade and greater cooperation among nations towards International Fair Labor Standards will do much to help resolve some of the difficulties our trade policy faces.

The United States has been the principal proponent of action to reduce unnecessary restrictions on movement of goods and services. This kind of action is necessary by all who wish to improve the flow of trade. The U.S. must, therefore, view all the issues and problems of the world today in charting its world trade policy.

The events of the past few days give further indication that the U.S. should stay on the road on international mutual reduction of restrictions on trade by negotiation, rather than take the road of so-called "protectionism."