3. Non-tariff barriers now raised by foreign governments are deplored and all efforts should be made through negotiations with other nations to eliminate existing barriers to the world-wide flow of goods and services.

4. More emphasis should be placed on exploring means to increase the flow of U.S. goods and services to overseas markets.

B. Foreign investment restriction policy

The policies set forth in Executive Order 11387 of January 1, 1968, and in the regulations promulgated by the Secretary of Commerce and the Federal Reserve Board can be regarded only as short-term measures. In the long run they will not cure the causes of our balance of payments problems, will adversely affect American earnings from foreign investments and invite discriminatory and restrictive credit and financial policies by foreign governments towards American interests abroad. For this reason, more study should be given to the underlying causes of our international payments situation, to the adverse effects of the present foreign investment restrictions, with a view towards their replacement with more acceptable and effective long-range policies.

C. Proposed foreign travel tax and allied restrictions

To be truly effective, the proposed travel restrictions would have to be stringent enough as to actually discourage foreign travel. This would risk invalidation of such travel restrictions by the courts on constitutional grounds. If the restrictions, however, fall short of their target, they will only amount to a "nuisance tax" which will be ineffectual but irritating. For these reasons the tax is opposed.

Approved by LIA Board of Directors, March 8, 1968.

Statement of Pacific American Steamship Association

Pacific American Steamship Association, an organization comprised of the major U.S.-flag steamship lines operating in the foreign trade to and from the Pacific Coast, strongly supports the Administration's bill, H.R. 17551—The Trade Expansion Act of 1968. The main purpose of this bill is to extend to 1970 the President's authority to negotiate multilateral agreements to reduce non-tariff trade barriers and to strengthen the adjustment assistance features of the 1962 Trade Expansion Act to insure aid is given to any firm or workers which the President determines to be drastically affected by imports.

It follows from this that we are perforce opposed to the statutory imposition of any quotas on imported goods, proposals for which are now pending before your Committee involving two-dozen or more imported products aggregating over 45% of all U.S. imports.

Ours is a classic case of an industry which thrives on, and whose economic survival depends upon, two-way international trade. We also operate our ships from a regional part of the United States which is equally committed to, and dependent upon, a balanced export/import relationship. California's foreign trade now totals nearly $6 billion and is favorably balanced on the side of exports.

We find in the President's bill an essential set of legislative proposals whereby the United States continues to reflect its 34-year national policy of trade facilitation and promotion through reciprocal agreements. And we find in the various quota proposals a step backward into the abyss of political tariff and quota swapping, which, if the experience during the infamous Smoot-Hawley Tariff of the early 1930's is any indicator, sets region against region, industry against industry, and faction against faction on the floor of the House and Senate.

We do not challenge the quota advocates upon the validity of their argument that sales of some products suffer substantial price competition with equivalent imported products. We have our own daily battles with low-cost foreign competitors. We do, however, challenge calling upon the Congress itself for redress of whatever grievance, however valid, that they have. The trade agreements program provides for an administrative agency—The Tariff Commission—to study and decide upon whatever tariff and non-tariff types of adjustments that are necessary to preserve or assist an American industry. Whatever inconveniences or frustrations a particular industry may have experienced in past decisions of the Tariff Commission pale by comparison with the national economic setback which will prevail if even a few quota-seeking industries get a quota law on the books and thereby nullify the administrative approach to the problem.