III. POSITIVE STEPS TOWARD IMPROVING THE U.S. BALANCE OF TRADE

It is clear that for this Nation to maintain a favorable balance of payments picture, it must expand its favorable balance of trade. To do this, the Executive Branch as well as the Congress must be willing to take some new steps here at home. For example, we must begin to explore the possibility of expanding the guarantee and direct loan powers of the Export-Import Bank. We should also carefully examine the possibility of a lower tax treatment for export corporations and of a coordinated system of trade shows and fairs in this country to attract both foreign travelers and foreign purchases. During the past few years, increased foreign attendance and orders have marked the trade shows of the electronics industry. If the Federal Government can encourage more industries to undertake these types of shows, we will have taken a major step forward in our effort to increase our sales abroad.

But over and above any internal change that this Nation may make to improve its trade position, it should also accept the proposition that multinational rather than unilateral action must be our touchstone in dealing with all international trade problems and the fact that import quotas and ceilings and surcharges are totally inconsistent with this proposition.

In the place of these unilateral acts, this Nation should continue its efforts to obtain cooperation from its allies—cooperation which hopefully will lead them to increase the pace of their Kennedy Round tariff reductions, to reduce their border taxes so as to reflect more accurately those indirect levies which are actually built into the price of their goods, and to adopt monetary and fiscal policies which may further increase the demand for our products. Moreover, it is this same type of cooperation which can lead to a broad acceptance of rules for international competition and ultimately to the creation of minimum labor standards to be observed by all industrial nations. Finally, it is this same spirit of cooperation which could lead to a coordinated policy of trade with Eastern Europe and the Soviet Union—one in which United States industries would be enabled to obtain a fair share of what will hopefully become a growing East-West trade in non-strategic goods.

Mr. Chairman, it is the judgment of the Fairchild Camera and Instrument Corporation that this Nation's current balance of trade and balance of payments problems are solvable. But it is also the judgment of my corporation that these problems must be treated within a framework of multi-national cooperation and through an international effort to reach common goals. For the United States will only exacerbate its difficulties if it should now embark upon a unilateral, trade- and investment-restricting program in which national boundaries are transformed into national barriers and the private enterprise quest for new markets is replaced by governmental regulation of the movement of goods and capital.

Mr. FULTON. Thank you. Mr. Conable.

Mr. CONABLE. Mr. Hodgson, I understand your point of view about your industry. I am also somewhat concerned as a member of this committee looking at the overall testimony that is coming before us and I wonder if it is necessary for this country to be either free trade or protectionist.

Is it possible for us to strike a balance somewhere where we will be able to provide a degree of protection for the low skill, low technology, industries that provide jobs for so many of our disadvantaged and comparatively unskilled people and still avoid this course of retaliation that seems to be such a bugaboo to people in high skill industries like yours.

Is it possible to walk that narrow path do you think to find a compromise somehow?

Mr. HODGSON. It isn't going to happen in a very short time. I think it is possible to walk this kind of a path. We have had extremely good luck and fortune in training low-skilled people into the difficulties of making semiconductors and instruments. We happen to be the largest