To eliminate these disadvantages we propose the United States act promptly to adopt its own border tax. The Government witnesses recognize that it would be legal for the United States, even under existing interpretations of the GATT, to adopt a border tax. If it is reasonable for imports into Europe to bear the burden of indirect taxes, it is equally reasonable, and indeed imperative, for imports into the United States to bear this burden. Similarly, if it is reasonable for Europeans to rebate or exonerate their producers from these indirect taxes to stimulate exports, it is equally reasonable and again imperative, for the United States to do this too. This first step will not eliminate our entire disadvantage, but it will be a needed first step in the right direction.

We should also continue to press for immediate action in the GATT to remove the remainder of the disadvantage to our trade caused by the discriminatory interpretations currently placed on the GATT rules, letting it be known that if cooperative action is not forthcoming promptly, we will have to take the unilateral action necessary to fully remove the remainder of the disadvantage to our trade.

This summarizes our position. Before asking Mr. Barnard to present to the committee the facts upon which our appraisal is based, I would like to speak briefly as a private citizen, typical, I believe, of millions of my countrymen. I believe that our country's financial condition is in an extremely serious state and that basic and fundamental actions are necessary now to correct the downward spiral we are in. We must return to a sound fiscal policy in our domestic programs and we must adopt a realistic and prudent attitude in our dealings with other nations. The actions of this commitee in insisting on realistic cuts in expenditures before agreeing to the tax surcharge has my admiration and support. The tax bill was a necessary step, but it is not the whole answer. Action is needed now to deal positively with our balance of trade and international currency crisis. I urge the committee to provide sound leadership in this area as it did in taxes to find a solution promptly.

Thank you very much.

(The membership list referred to follows:)

List of SOCMA Member Companies

Aceto Industrial Chemical Corporation
Allied Chemical Corporation
Althouse Division, Chemicals Group, Crompton & Knowles Corp.
American Aniline Products, Inc.
American Cyanamid Company
American Hoechst Corporation
Atlantic Chemical Corporation
BASF Corporation
Belle Chemical Company, Inc.
Benzenoid Organics, Inc.
Berncolors-Poughkeepsie, Inc.
Celanese Corporation
Chemagro Corporation
Ciba Chemical & Dye Company
Dow Chemical Company
Dow Corning Corporation