

tions, to impose an export tax on the exports of wheat, while at the same time, on the other hand, we are engaged in the exploration of export tax incentives and import tax barriers and travel disincentives.

This curious disparity of the two positions is disturbing to those of us who are engaged in international trade, for the simple reason that it seems to us that any effort to impose import tax barriers and export tax credits or incentives of a direct nature will result in retaliation and the climate for world trade would be substantially damaged insofar as ability to carry on volume of business is concerned.

I would like to suggest a possible tax incentive. I think the thing that induces most businessmen to work hardest is that money which they can keep. So, if I may make a businessman's approach to tax incentives, I have in my paper a suggestion that we expand more or less the idea of the Western Hemisphere trade tax provisions to a worldwide basis, so that if a man has \$100 of gross sales, and \$25 is export sales, and \$75 is domestic sales, that the 75 percent would be taxed at the normal applicable income tax rate, be it a corporation or a partnership or whatever type of enterprise. The 25 percent of the profits would be taxed at, say, 5 percentage points less.

One of the problems encountered in the regional export expansion council work, and in the national export expansion council work, is the number of the export inquiries which are not answered. The reason that they are not answered is because if a man is highly engaged or involved in domestic business and he sits down to budget an export department, he is immediately faced with a sizable sum of money, and he says, "Well, I am doing pretty well as it is. Why should I chase a shadow when I really don't know anything about this business?"

With the proper incentive, I think he would be properly motivated to pursue our goals of expanded export trade, and thus build on the advantages which we have in our economy vis-a-vis the rest of the world.

Chairman PROXMIRE. Thank you very much, Mr. Cook. You have abbreviated a concise statement and have set a fine example.

(Mr. Cook's prepared statement follows:)

PREPARED STATEMENT OF EDWARD W. COOK

Mr. Chairman and members of the committee, I am Edward W. Cook, President of Cook and Co. of Memphis, Tennessee. Our company is specialized in the export of United States agricultural commodities, primarily wheat, cotton, feed grains and soybeans.

Elliot Janeway in his recent book, *The Economics of Crisis*, wrote, "The double base on which the American economy stands, combining world leadership in farm production with world leadership in industrial production, has from the beginning given it a distinctive advantage in world competition."

Without going into great detail let me further dramatize the importance to United States agriculture of world trade by quoting from a synopsis of "Agricultural Trade and Trade Policy," by Oscar Zaglitz, published by the National Advisory Commission on Food and Fiber in August 1967:

"(1) U.S. agriculture is one of the Nation's largest export industries. The degree to which it can use its resources depends on the extent to which it can supplement its domestic sales by sales in foreign markets.

"(2) Its dependence on exports has increased since World War II because, stimulated by technological progress and structural improvements, its productive capacity has grown faster than domestic demand for its products.

"(3) A major expansion of U.S. agricultural exports was achieved after World War II and particularly during the last dozen of years. Food aid has been an important foreign outlet for U.S. agriculture in the postwar period.