Inter-Agency Committee have already demonstrated a genuine interest in helping us to solve these problems, including those that would be created by the literal application of the regulations regarding repatriation.

U.S. private investment overseas has generated a continuous surplus for the balance of payments. I hope you will agree that such investment as is already in place especially should not be penalized, nor deprived of the capability to continue generating a net dollar flow into the United States.

A reasonable dividend flow from U.S. earnings in Western Europe would recognize the need for balance between today's dollar inflow and tomorrow's growth and ability to compete, and, therefore, tomorrow's dollar inflow.

There are many searching questions about the new balance-of-payments regulations that have yet to be answered publicly, and in closing I would like to point out just a few today. Gentlemen, what specific changes occurred in the last several weeks of 1967 which caused the administration to impose severe restrictions, in the private sector, and to recommend further restraints to the Congress? What will happen after the overseas reservoir of private earnings is dried up through forced high repatriation if the gold flow problem still exists? Will we repeat the history of the British Empire? Will we lose our position of world leadership because of our inability to pay our way? Lastly, is there a plan—a plan that includes drastic cuts in public spending—in existence now? All the options should be considered before embarking upon a premature and possibly dangerous course of action.

Finally, I would like to say that ITT's interest to strengthen the dollar is just the same as the administration's. This is everyone's dollar—it is a public dollar, a private dollar—it is your dollar, and mine. It would make good sense, then, to give the private sector some encouragement and some leeway while it helps to defend this U.S. dollar.

Thank you.

(The chart referred to follows:)

	Company X	Company Y	Company Z
1968 earnings	$1,000,000	$1,000,000	$1,000,000
Base period averages:			
(a) Earnings	1,000,000	1,000,000	1,000,000
(b) Dividends	500,000	0	0
(c) Retained earnings	500,000	1,000,000	1,000,000
(d) Capital transfers	0	0	1,000,000
1968 requirement:			
Retained earnings (35 percent of (c) plus (d))	175,000	350,000	700,000
Dividend amount	825,000	650,000	300,000
Dividend rate (percent)	82½	65	30

Chairman PROXMIRE. Thank you.

Our last witness is Mr. Robert M. Norris, President of the Foreign Trade Council of New York. We are delighted to have you, Mr. Norris.