

Efforts should continue to be maximized to this end and to assure that governmental procurement requirements are met as far as possible from U.S. sources.

Historically, international trade and private oversea investment have been favorable factors in our balance-of-payments. Over a 10-year period through 1966, the cumulative capital outflow for direct investment was \$21 billion, whereas, from investments the cumulative income to the United States was more than \$29 billion, and fees and royalties have amounted to more than \$5 billion. Exports to affiliated companies, and here I am referring to exports of finished goods and services, represent approximately 25 percent of all U.S. exports. There has been a steady growth in the export of goods and services. The controls which have been placed on the direct investor can serve only to make it more difficult for business to make a positive contribution to our admittedly critical balance-of-payments situation. We are concerned with the indications that these controls will lead to retaliation by other countries against the best interests of the United States.

PROPOSED TRAVEL TAX PROGRAM

The National Foreign Trade Council as well as the Declarations of National Foreign Trade Conventions have long emphasized the constructive force of travel in the expansion of foreign trade, and have supported positive efforts both of Government and of the travel industry in promoting travel to and within the United States. Measures intended to restrict or curtail international travel as a means of narrowing the balance-of-payments gap have been opposed as short-sighted since any meaningful curb on tourist expenditures abroad can only constrict exchange receipts and consumer incomes in many of our most substantial export markets which rely on these earnings to balance their own accounts.

The Council is most seriously concerned with the proposals now under discussion by the Treasury Department with the Congress, as described by Secretary Fowler, on February 5, in testimony before the Committee on Ways and Means.

The proposed plan would place upon that section of the business community which is contributing to the positive side of the balance-of-payments ledger penalizing additional taxation on the necessary work of doing business. The inclusion of business travel in any proposed travel tax program would be clearly self-defeating in that it would hamper the efforts of businessmen and companies to increase exports and would increase the costs of maintaining market positions already established and of managing foreign investments which are contributing favorably to the Nation's balance of payments.

CONCLUSION

Mr. Chairman, in concluding my statement may I revert to our basic position regarding the balance of payments and the paramount need for our Government to take remedial measures to restore a sustainable balance in our international payments and to assure the integrity of the dollar. It is our conviction that the basic overriding task in a balance-of-payments program is to assure that all of its essential related elements involving monetary and fiscal policies will be