Having said that, I wonder if you enthusiastically and wholeheartedly support the President's travel ban and travel tax which, in effect, seems to me to be a highly restrictive, protectionist program. A tax on tourists abroad is the same as a very steep tariff on the import of tourist services. Do you feel that this is a good example to be set by the world's leading nation in liberalizing trade?

Mr. ROTH. I do not think that I can comment on that problem. I must say that when Secretary Katzenbach and Deming and I made this rush trip, on January 1, throughout Europe, to discuss the total program, I was impressed with the fact that the Europeans recognized that a very drastic program of this sort was terribly necessary. And I think I would have to agree that to have a balanced program means something on the current account as well as the capital account.

I do feel, as I relate all this to problems of trade, that the important thing is that any program, whether it be on the tourist side or any other, not bring about retaliation, not bring about any downward spiral, and in effect not undermine what we have been trying to do.

Senator PERCY. Do you think we can carry this out without retaliation?

Mr. ROTH. I think we can without severe retaliation, as I think it is a moderate program. This is one thing that I think is important in talking about any such measures and any measures that might be proposed in trade areas, if they are. I do not know whether they will be or not. The Europeans' deep concern is that they should be temporary. This is why they are so terribly concerned more than anything else.

Jean Rey, when he was here last week, made very clear their terrible fear of this type of quota legislation that is now before the Congress, because this is——

Senator PERCY. What leads you to believe though, Ambassador Roth, that this could be a temporary thing? We have had "temporary" excise taxes for 23 or 25 years. Once you get adjusted to this, what is going to cause a rectification? Do we see a substantial reduction in our oversea expenditures and commitments? Can we perceive in the immediate future a drastic reduction of our expenditures in Vietnam and foreign aid? Do we see a dramatic reduction in inflation in this country, to dramatize the ability of our country to increase our exports substantially, rather than suffer a decrease because really of a lesser competitive position?

What is going to happen that will make this temporary 2-year situation?

Mr. ROTH. Let me relate this to the area of trade—rather than tourism—where I am somewhat more at home. If, for instance, we decided to ask for a small import-export adjustment, as it were, to do this under the GATT we would need an IMF finding. We would do it through the GATT and we would be policed by the GATT. I think this is the important part of going through international channels, that it would be under review in relationship to the balance of payments.

Now, as to your second problem, which really is how long will the balance-of-payments problem last, I certainly will not try to forecast that. But, certainly, again in Europe, when we talked about the problems, they were understanding of them, and we talked about some of the measures that would have to be taken. They said, "The first thing you have got to take, particularly if you want our cooperation, is the