

I may add that Secretary Dillon and Secretary Fowler have shared the opinion that we had to do something in this area.

Now, may I suggest, sir, that I do not believe you need to go to a value added tax or some other form of a national sales tax to achieve this objective. I do not think you need to do that. I do think this committee should consider carefully in conjunction with other committees whether or not this Nation should impose border tax adjustments whereby, as our exports leave, there will be a payment to the exporter and as imports come in, there will be a tax. This would tend to equalize our tax system with the systems of other nations relative to exports and imports.

Now, let me warn you, I do believe such border taxes must be under strict international control or you will end up with a protectionist device. On the other hand, may I say to the committee as bluntly as I can, that I think we are at a disadvantage in exports because of the way the present international rules apply to different tax systems and this should be corrected, sir.

Thirdly, we now have nearly completed the special drawing rights facility which your committee, the committee on which you and Mr. Widnall sit, the Banking and Currency Committee considered and the House and Senate approved last year. Not enough countries have ratified the agreement yet to bring this facility into force. May I urge you, sir, and this committee, to keep up an unrelenting pressure on the powers that be, to try to get this special drawing rights facility ratified so the world has an opportunity to create the reserves that it needs to keep international trade and finance and exports moving.

I think it is crucially important and I would hope that it would come into being soon.

Mr. Chairman, I also want to call to your attention the fact that the Congress has still not acted on the request for funds for the International Development Association. I have watched this arrangement since I was a member of Congress. I helped prepare the legislation that first created IDA. I have watched it for 8 years.

I think, Mr. Chairman, this is the way the American people want to move in assistance to developing nations. They want to share the burden with other industrial nations. I would urge the Congress to move as promptly as possible in this crucial area.

And lastly, Mr. Chairman, I want to submit for the analysis of this committee, and especially its staff, a study of tax expenditures which the Treasury has completed, presented in chart form, and called "Comparison of Budget Outlays and Tax Expenditures by Function," together with a supplementary statement entitled "Tax Expenditures: Government Expenditures Made Through the Income Tax System."

Now, I have not had an opportunity to go into this deeply, but the Treasury staff in this report, concludes that through the tax system, not by appropriations, but through special provisions in the tax system, similar in effect to appropriations, we are now making available huge sums of money to various functional sectors of the budget. You have the chart here in front of you. If you want to pick it up I will leaf through it very quickly.