

Mr. McCracken. Correct.

Senator JAVITS. Isn't the objective of our policy going to be the endeavor to have the whole international community carry the burden of international credit for international trade?

Mr. McCracken. And to share the benefits, of course, too.

Senator JAVITS. And share the benefits, of course. But we certainly do not shut our minds, therefore, in this administration to a change in the Bretton Woods Agreements?

Mr. McCracken. We certainly want to explore any ideas that may turn out to be helpful.

Senator JAVITS. Now, on foreign trade policy, I have just one question. Do you feel that the efforts of the administration, announced as trying to obtain a voluntary agreement to restrict textile imports, will not inhibit the administration in resisting other protectionist pressures, whether in steel or other commodities?

Mr. McCracken. I am hopeful that that will not have this effect of inhibiting a general movement in that direction. I do think the interconnection between our domestic economy and our external payments here is a part of the problem.

Our domestic overheating has produced a substantial flood of imports, and this tends to create some of these pressures for protectionism. But the basic problem is, of course, to deal with our problem of domestic economic policy.

Senator JAVITS. Just one last question, if I may, Mr. Chairman. On the matter of U.S. private investment overseas, I am delighted that you have indicated the strong benefits of that to the United States. Will the administration examine very seriously and critically the recommendations for discontinuing or materially reducing the interest equalization tax and otherwise lifting restraints on U.S. overseas private investment?

Mr. McCracken. I think I can assure you that this whole range of problems is going to receive careful attention and study.

Senator JAVITS. Will you give for the record—and I ask unanimous consent that it be included at this point—a written reply as to the views of the Council of Economic Advisers on the recommendations of the U.S. Council of the International Chamber of Commerce on this question of lifting controls on overseas private investment? Could you give it to us later in writing?

Mr. McCracken. We will give it to you.

Chairman PATMAN. Without objection, it will be received and made part of the record.

(The following was subsequently supplied by the Council of Economic Advisers.)

We share the United States Council's dislike of investment restraints, and look forward to their relaxation and elimination at the earliest possible date. As their paper notes, "these measures were originally introduced for temporary periods." It is important that they not be allowed to drag on indefinitely.

While sharply criticizing the controls, the International Chamber of Commerce refrains from suggesting that they be abruptly eliminated. Rather, the Chamber stresses that, in working towards a relaxation of the controls, two objectives should be kept in mind. The risk of serious damage to the balance of payments should be limited, and the greatest possible gains in terms of simplification and flexibility should be sought. We share these two objectives.

The desirability of reducing the controls should be obvious to all. At the same time, an abrupt elimination of controls would raise a number of difficulties. Not only would there be the possibility of a marked adverse movement in the