

- consideration of mandatory restrictions on capital outflows (second half of 1965 and again in 1967);
- the expansion and tightening of the Voluntary Cooperation Program (December 1965 and increased pressure on businesses to participate in 1967);
- pressure on governments in countries where U.S. troops were stationed to make "offset" expenditures on U.S. military goods (first half of 1966; the United States had already successfully pressured Germany and Italy into agreeing to such offsets in 1962);
- consideration of still more drastic measures including a tax on tourist travel (second half of 1966);
- extension of the Interest Equalization Tax for two years (July 1967);
- enactment of the Foreign Investors Tax Act to attract foreign investors in U.S. securities (1967); and
- appointment of a public/private-sector task force to develop proposals aimed at expanding foreign travel to the United States (1967).

In short, during the run-up to, and the negotiation of, the Kennedy Round, the principal international economic policy issue confronting the United States and (as will be discussed below) many of the other developed countries was the balance of payments. The United States left few stones unturned in trying to stem the net outflow of dollars; it is difficult, therefore, to imagine that policy in respect of the single largest international activity involving the exchange of currency, namely merchandise trade, was anything but centrally motivated and guided by the same balance of payments concerns, including the ability to sustain convertibility of the U.S. dollar. If one wishes to understand the resurgence of interest in tariff policy in the mid-1960s after more than a decade of marginalization, one need look no further than the balance of payments pressures of that period.

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Volume Summary, 1964-1968, Volume VIII, International Monetary and Trade Policy, Archive Site for State Department information prior to January 20, 2001.