

U.S. BALANCE OF PAYMENTS DEFICITS

The persistent U.S. balance-of-payments deficits require that we consider all these factors. Clearly we are not earning enough abroad to do all the things we, as a nation, want to do. Unless the factors mentioned above are taken into account, we will not be able to earn the required sums to carry out our national objectives abroad.

The stark fact is that U.S. commercial exports are hardly enough to pay for our commodity imports. If you deduct the foreign aid induced exports and the military hardware sales from export figures, it is doubtful that purely civilian commercial imports and exports are in balance. It is the income on investments and services that is paying for a substantial portion of our Government expenditures abroad. Unfortunately, this is not enough. The rest is financed by gold exports and borrowings.

What we need, therefore, is an international incomes policy and a foreign incomes and expense budget. All the factors mentioned above must be considered in this scheme. What trade policy will increase our income? What policies toward international corporations, their exports and investments abroad, will increase their contribution to international income? What policies in the transfer of technology will enhance our earnings and competitive position? What policies toward Eastern countries and less-developed countries will improve economic and political conditions without undermining our economic strength and stability?

I hope this committee will consider our suggestions and also add its prestige to the proposal that the Administration prepare annually, a foreign incomes estimate, and a foreign incomes and expense budget, and adopt constructive policies to enhance the income and balance the international budget.

Mr. DANIELIAN. In completing, Mr. Chairman, I hope it is understood that this paper, which was prepared in Vienna and over the Atlantic this weekend as I was flying back to this hearing, is a personal statement. It has, I believe, the general sympathetic agreement of most of our member companies. But these suggestions should really stand on their own. And I hope that the committee will give careful consideration particularly to this last suggestion, which, I think, is long overdue in the management of our international economic affairs.

Thank you very much.

Chairman BOGGS. Thank you very much, Doctor.

Mr. GILBERT, last week we had Mr. Younger here, formerly British Minister of State, and now Director of the Royal Institute of International Affairs. In his testimony he discussed the so-called technological gap in Europe, and he felt that we should pay more attention to this problem. What is your feeling about that?

Mr. GILBERT. I think this is a so-called problem that has received a tremendous amount of attention. But I haven't noticed that much of the attention really goes to the problem. It seems to me that the technological gap, the extent that it does exist, is a gap in management. Research and science are international, and they flow across the world without being hampered by boundaries. I think what American industry has which is envied by the European is the capacity, fairly quickly,