Mr. BALGOOYEN. First, I am not quite sure as to what you mean when you say every other industrial country has increased its resources while we have decreased our resources by 50 percent. If you are speaking about resources in general, I don't think that that statement could be supported. But if you are talking about foreign exchange receipts or international balance of payments then it is true that our international balance of payments has suffered in recent years, but not because of trade, since we have had a very favorable export balance during all these years. It is because of loans and foreign aid and investment and by short-term international capital movements which have tended to favor the Western European countries, mainly because their interest rates have been higher.

Senator SYMINGTON. I am talking about gold, current assets, not about the gross national product, which, as you know, is a very deceptive figure against which to justify your fiscal and monetary position.

Mr. BALGOOYEN. As far as gold is concerned I certainly couldn't dispute the fact that we have lost gold to the rest of the world. But as I say, it has not been because of foreign trade, because we have a very favorable foreign trade balance, it is because of our policies toward the rest of the world economically and militarily.

You mentioned Vietnam. And that is one drain on our resources. And our aid programs throughout the world are obviously another.

And then we have these international capital movements that we are all familiar with.

So, it certainly isn't a question of trade, because we have been maintaining a very favorable trade balance in every recent year.

Chairman BOGGS. Mr. Balgooyen, just one question.

You have very heavy investments in Latin Ameica. What is your feeling about the area generally? Do you feel that we have been successful there?

Mr. BALGOOYEN. As is somewhat apparent from my testimony, I feel that we haven't been as successful as I would like to see us be in our policies toward Latin America. I think, however, that as our policy is evolving, the trend is good. I think that, in general, the objectives of the Punta del Este Conference were excellent. And I think, also, that some of our expectations were too great. I was at the Punta del Este meeting, and I was quite disturbed by some of the statments that were made by our people that indicated, for example, that by means of the Alliance for Progress illiteracy could be eliminated in Latin America in 10 years, which, of course, is utterly ridiculous.

But I think that we are giving increasing attention to Latin America. And I think we realize more certainly than we did a generation ago that our national interests are intimately tied in with inter-American affairs, and with the development of Latin America.

Unfortunately, the gap that separates the Latin American countries from the industrialized countries is not being narrowed as we hoped that it would be. And one of the reasons, as I have indicated, is that Latin America can hardly expect to industrialize unless it is able to buy imported machinery and equipment from the industrialized countries. And their foreign exchange receipts from exports just don't