

Now many countries around the world do have an imbalance of trade with us, but they offset much of that trade balance with tourism receipts of investment flows. Take a country like Spain. Spain has substantial imbalance of trade with the United States, but the investment flows going forward, plus tourism, plus other invisibles, their balance of payments with us is, I think, if I am not mistaken, fairly close.

Chairman PROXMIRE. Can we expect to have a greater degree of balance in all these individual elements of the balance of payments? In other words, trade is likely to be less favorable perhaps in the long run. Our tourism we hope as the affluence of other societies improve and so forth is likely to be coming in closer balance. We hope we will be able to reduce the number of troops we have abroad. We hope this isn't perpetual. That has been a great drain on our balance of payments so as we do that shouldn't we be more accustomed to recognizing maybe a healthy long-term situation cannot have this very strongly favorable balance of payments we have had in the past, we are going to have to adjust this situation of our exports to imports?

Mr. TROWBRIDGE. It may well be. Certainly the \$6.9 billion surplus level in 1964 probably reflects a very difficult situation for a lot of our trading partners, where they just didn't have the dollars coming from their exports to finance all of their trade. I think, though, that with our technological advantage, this gives us a very real competitive advantage in a lot of ways, and that we can expect our exports to stay in surplus. What the numbers are going to be—

Chairman PROXMIRE. But as we increase our capital exports and along with this export of American know-how so that we improve their efficiency and their amount of capital investment and their amount of technological progress, so that the end of that, the result is going to be a more efficient free world.

Mr. TROWBRIDGE. I think that is the long-term result, yes, of capital flows and technological transfers.

Chairman PROXMIRE. I am not saying it is bad. I am saying it is good. I am saying that, in my judgment it is something we ought to be accustomed to.

Mr. TROWBRIDGE. I do too.

Chairman PROXMIRE. And not single-mindedly constantly having a favorable balance.

Mr. TROWBRIDGE. I would say this, too, and as I said before, the transfer of the investment and the technology very often brings with it not only economic growth where located, but stronger continued follow-on exports of perhaps new commodities, new materials, but continued trade and expanded trade from the United States to the locale of the new plant.

Chairman PROXMIRE. I want to thank Congressman Rumsfeld for being so patient.

Representative RUMSFELD. On that point, can one assume that as that happened, as that progression took place, that the United States theoretically should be in position where they could then reduce some foreign assistance programs? While the favorable balance of trade lessened, wouldn't the balance of payments and the gold situation change for the better possibly as such programs were reduced?