

Brazil has consistently sought technological assistance from the United States but we have been unable to supply this necessary assistance. Our failure in this regard can be laid directly to the do-nothing policy with respect to oil shale development that our Government has had up until the present time.

I am hopeful that the necessary technology will be forthcoming in the near future. I am hopeful also that we will then see the futility of handing large sums of money over to a country such as Brazil only to watch at least a fifth of those American dollars spent to import raw materials into that very country which receives our largess. This folly could be reversed by merely providing our neighbors with technological assistance rather than dollar giveaways. A positive national policy by our own country would affect just such this needed reversal.

BALANCE OF PAYMENTS

Previously in my remarks, I pointed to the rapid expansion of resource development and investment in foreign countries. This leads us logically to the question of balance of payments. That question is one of the major problems facing the present administration. Indeed, the flight of gold is one of the major problems of our country in this entire century.

It is becoming increasingly clear that we cannot solve the problem of the balance of payments by sanctions. Indeed, just within the past few days, Mr. Johnson in his economic report for 1967 saw fit only to say that the United States will "continue to move toward equilibrium as rapidly as the foreign exchange costs of the Vietnam conflict may permit." Compare this to the administration's talk last year, when it spoke of attempting to reach payments equilibrium in 1966. Now, I would say to you and to President Johnson that we cannot continue buying oil and bauxite abroad in face of a rapidly decreasing gold reserve. Despite the seemingly intolerable complexities of the balance-of-payments problem, one basic economic reality is obvious. That reality is that we must strive to increase our exports as we decrease our imports. This means that we must find our own sources of raw material as well as reduce the cost of our finished products.

The U.S. petroleum industry showed a trade deficit of \$649 million in 1964, nearly 75 percent more than in 1960. During 1960 to 1964, exports remained level while imports rose by over \$300 million. The petroleum industry imported some \$1,080 million worth of crude oil in 1964 plus another \$590 million of refined products. Projections up to 1975 indicate that the trade deficit in the petroleum industry will continue to rise with estimates up to \$1,702 million of trade deficit by 1975.

Earlier, I indicated the dominant role played by just seven companies in the rapid increase of oil production in foreign countries. These seven companies paid \$2,451 million to foreign governments in 1965. The percent paid to foreign governments rose from 50 to 65 percent in the 8-year period, 1957-65.

In light of the growing competitiveness, indeed of the growing hostility, on the part of foreign governments whose countries produce vast quantities of petroleum or aluminum minerals, I believe that it is high time our own country, the United States, reassess its position in the world marketplace and take immediate steps to increase our competitiveness for the years ahead. Instead of simply reacting to circumstances as this government has been wont to do in the past, we should now act affirmatively by establishing a comprehensive and thoughtful policy which considers the needs of our industries and provides for the full development of our great natural resources.

THE ROLE OF GOVERNMENT

This now, then, brings me to the last point I wish to make in my remarks here before the Senate. It must be recognized that in order to develop fully, and in an orderly way, this new domestic industry, State and local governments, private industry, and the Federal Government will all have to act as mutually responsible partners.

As was indicated at the beginning of my remarks, I am hopeful that the Senate will conduct hearings on the question of the governmental role in this industrial development in the very near future. First on the agenda of these hearings should be an analysis of Secretary Udall's plans with respect to point 3 of his announced five-point program. The Interior Department's plans for regulation of the research and development phase and later the operational phase of the