Ambassador ROTH. And tentative through April.

Mr. BYRNES. In your statement you noted that while exports have been growing imports have been growing at a faster rate so that we have almost reached a point of balance, have we not, at the present time?

Secretary SMITH. That is right.

Mr. BYRNES. I don't understand Ambassador Roth's statement that there is no trend. As I look at the figures on imports it would seem to me there is a very definite trend upward, just as there was a very definite trend up in exports over the last 10 years.

The difficulty is that imports are moving up faster than exports, but there is certainly a trend; isn't there?

Ambassador ROTH. Mr. Congressman, the figures on our merchandise balance going back to 1958 and coming up to 1967, starts 3.6, 1.2, 4.6, 5.5, 4.6, 5.3, 7, which was that good year, 5.3, 3.8, 4.1.

Mr. BYRNES. Are you giving the increases?

Ambassador ROTH. No; this is the net trade balance.

Mr. BYRNES. Oh, the net trade balance.

Ambassador ROTH. Finally, in 1967, 4.1.

Mr. BYRNES. But the trend is up, isn't it, on both imports and exports?

Ambassador ROTH. The trend in both imports and exports is up.

Mr. BYRNES. And the trend on imports is going up faster than on exports; is it not?

Ambassador ROTH. The trend on imports, as these figures show, goes up faster at a period when you have inflation in this country.

Mr. BYRNES. Well, we have had inflation every recent year. We have it now and the Secretary of the Treasury told us that it is going to continue in the next year, no matter what the Congress does. We were also told this by the Chairman of the Federal Reserve Board.

We can expect apparently even a greater increase in imports with this inflation, which we are told will continue, even with the tax increase and even with the cutback in expenditures. We are told that there is still going to be an unusually high degree of inflation.

Not long ago we had a $7 billion favorable merchandise balance and now we don't have any. It was this surplus that offset our Government expenditures abroad, providing a measure of equilibrium in our balance of payments.

Ambassador ROTH. I think the critical point is that we had that $7 billion plus in 1964 because we had done a good job in containing these pressures at home and markets were opening up abroad. The way our trade works, when there is inflation in this country, imports go up disproportionately; and, when the reverse happens, they go down disproportionately.

It is quite true that if we continue along an inflationary path this year our trade account will suffer no matter what we do.

Mr. BYRNES. All right. Now let me refer to the Department of Commerce figures, the Overseas Business Report of May 1968. On the front cover is the average annual rate of change in U.S. trade from 1961 to 1967.

I can't give you the precise figure from this chart, but it shows that the average annual rate of change in exports was up about 7 per-