

You don't say anything about expenditure cuts, do you, in the way of cutting back on our international balance-of-payments deficit?

Secretary SMITH. The tax increase and expenditure cut go along with each other. I think that would be the result.

Mr. CURTIS. You say that, in spite of the fact we went through this bloodletting on the floor of the House last week as to whether it will be \$4 or \$6 billion, and the administration fought the spending cuts/tax surcharge package when it was put on as an amendment in the Senate?

How can you say you accept it?

Secretary SMITH. I am convinced if you decree a \$6-billion cut, you will get a \$6-billion cut.

Mr. CURTIS. You have more faith than I do. I have had a little more experience with this administration.

Secretary SMITH. I am sure of that.

Mr. CURTIS. Regretably. So have the people of this country.

I suspect, in the light of your answer, and what I have heard from the administration, there is only one date to look to, and that is November. That is when we will get a change in fiscal policy, and hopefully that is when we might get a change in trade policy as well. I find in this business of your wanting Government to spend more money abroad, in contrast with cutting back on private money that this is not the kind of action that in my judgment is going to increase exports or to liberalize international trade.

I will make one other general observation for further comment.

I have been doing some writing and talking on this subject, particularly in the last 2 years.

What I have been trying to say, if anything, is: do we really mean trade, not aid? Because if we do, we had better start facing up to the hard reality of what that expression means.

I am not sure that the administration policies are such that we do mean trade, not aid, when I see this continued increase in governmental expenditures, both in the so-called investment area, if you call these soft loans investments, as well as in the area you talk about of export promotion.

I hope that witnesses from the general public, private witnesses, when they testify, will be prepared to discuss this to some degree.

Yet it is difficult to ask a specific industry to have this broad outlook on trade matters when our governmental officials are not putting it into this kind of context.

None of the papers here has discussed what I think is one of our most crucial problems: do we mean trade, not aid?

How do we fit in trade with less developed countries? This is something that the GATT, the Kennedy round of negotiations, attempted to move into, but we barely touched upon it.

It does involve heavily the problems in agriculture, but I would say also in Secretary Udall's area of raw materials.

I merely pose the question, hoping that there will be something forthcoming from the administration. Maybe the Secretary of State will have something to say on this very important problem of trade in relation to aid.

Ambassador ROTH. Congressman Curtis, I think the committee should enter into a discussion of the problem of developing countries. We made a start in the Kennedy round. We didn't go far enough.