

count—capital investment, overseas military costs, foreign aid, tourist traffic, shipping.

"But during the final quarter of 1967 and the first quarter of this year, the once sturdy U.S. trade surplus crumbled.

"What wrecked it was a remarkable surge in imports. Exports have been rising, too, but nowhere near fast enough to maintain their lead over imports. The remaining margin of trade surplus has become so thin and frail that an 11-day dock strike in New York was enough to put U.S. foreign trade in deficit for the month of March. In one sense, moreover, the United States began running a deficit some months prior to the strike. A sizable share of U.S. exports is financed by the U.S. Government under foreign aid or other public programs. (Some of these exports, though, would move out anyway if special Government financing were not available.) Such Government-financed exports now amount to \$3.2 billion a year. In the first quarter, the U.S. trade surplus—total merchandise exports minus total merchandise imports—worked out to less than \$1 billion, at an annual rate. So apart from the Government-financed slice of exports, U.S. foreign-trade accounts showed a deficit at the rate of more than \$2 billion a year.

"Even when it still enjoyed a substantial trade surplus, the United States ran at deficit in its overall balance of payments, and lost a lot of gold as a result. Now, suddenly, the outlook seems much bleaker. The deterioration in the U.S. trade position greatly increases the difficulty of coping with the balance-of-payments deficit."

Mr. Chairman, I again thank the committee for its time.

The CHAIRMAN. Thank you so much.

Mr. SMITH. Thank you.

The CHAIRMAN. I see that our colleague from Alabama is now in the room. Mr. Buchanan, will you come forward, please, sir. We are glad to have you with us this morning, and you are recognized.

STATEMENT OF HON. JOHN BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. Chairman, I want to thank the members of this committee for giving me an opportunity to present a statement during the current hearings on tariff and trade proposals.

The problems dealt with in these hearings have a direct and substantive effect upon the State of Alabama and the city of Birmingham, which I represent in the Congress.

This is the impact of the continuing increase in such imports as iron and steel products, and textile products on economic growth and employment opportunity in Alabama, as elsewhere in the Nation.

In 1967, raw steel production in the United States totaled 4,338,000 net tons. Of this U.S. total, Alabama produced 3.4 percent, and ranked eighth among steel-producing States. There were 14 operating steel plants in the State. These plants accounted for an annual payroll in 1966 of \$196,383,000, and made State and local tax payments in the amount of \$9,274,614.

In the period 1955 through 1965, steel consumption in the United States rose from 82,200,000 net tons to 106,200,000 an increase in con-