

BALANCE OF TRADE PAYMENTS

Our balance of trade payments are linked with and tied up with our trade balances relative to imports and exports. For years it has been the theory that we are a solvent country as reflected in at least one instance by our favorable balance of trade. As a result of this fiction we were advised that in order to keep up our favorable balance of trade, and in fact increase it, we would have to reduce tariffs so that other nations could sell their exports to us before they could buy our exports. This concept was stressed even if it meant the extermination of some domestic industries which were economically operated and turn over the production of that article to foreign countries.

As of several weeks ago we no longer have a favorable balance of trade. Our exports, even including government-financed exports, did not exceed our imports. As recently as May 20, 1968 there appeared in the New York Times a statement made by a Vice President of the overseas division of a very large bank, who said:

"If Government-financed exports are left out of account, the commercial trade balance this year may show a deficit of \$1.5 to \$2.5 billion, compared with a small commercial surplus last year of \$250 million."

Since our export statistics when stripped of government financed shipments will show an unfavorable balance of trade it reduces considerably the argument of those who claim that duties must be reduced at any cost in order to be able to export. We now have an unfavorable balance of trade and practically free trade. Perhaps it is time to take a hard look at the entire picture of world trade with a view to domestic industries sharing in it.

Mr. BURKE (presiding). Thank you.

Are there any questions?

There being no questions, we thank you for your testimony.

Is Dr. DePodwin here?

Dr. DePodwin?

Without objection, there being no further witnesses, the committee will adjourn until 10 a.m. tomorrow.

(Whereupon, at 4:30 p.m., the committee adjourned, to reconvene at 10 a.m., Wednesday, June 26, 1968.)

