1968 is significantly below the $1.92 billion cumulative surplus for the like 1967 period.

The Administration has been striving for a $500 million gain in the trade surplus this year to $4.6 billion. But officials now freely acknowledge that such a gain—part of President Johnson's program to improve the balance-of-payments deficit this year $3 billion—is practically unattainable. Andrew F. Brimmer, a Federal Reserve Board member, earlier this week said there appears to be "no prospect" of achieving the $500 million expansion.

So far this year, the Commerce Department said, the annual rate of exports is running 6% higher than last year's $30.94 billion total. But imports are running 18% ahead of last year's $26.82 billion. This indicates that the trade surplus for the first five months was at an annual rate of only $972 million.

[From the Washington Post, June 23, 1968]

U.S. Trade Policy Plans and Future

(By James Srodes, United Press International)

On July 1, 52 free-world nations will cut tariffs on about $8.5-billion of United States goods as part of a three-year plan to expand world trade.

One architect of that plan covering tariff concessions on $40-billion of world trade is William Matson Roth, the President's special representative for trade negotiations. A former director of the Matson Navigation Company and executive of a near-dozen other enterprises, Roth guided the U.S. team that concluded the "Kennedy Round" of tariff talks which agreed to cut import duties by an average of 35 per cent. Those talks and agreements by 53 nations representing 80 per cent of all world trade are part of the General Agreements on Tariff and Trade (GATT), a series of conferences conducted since 1947 and aimed at promoting world trade.

In recent months, Roth has appeared before Congressional groups to answer questions brought on by a strong protectionist drive by some segments of American industry.

In the following questions and answers, Roth outlined for UPI the U.S. trade policy, its problems and its future:

Q. How important is trade with other countries to the U.S.?

A. Very important; perhaps more important than statistics would indicate. Our exports in 1967 accounted for less than 4 percent of our output of goods and services but that 4 percent had a great impact on our economy. U.S. exports totaled $31.5 billion during the first three months of this year and gave our industries added markets to serve. The $26-billion of imports bring in a wider variety of products for our consumers and needed material for American businesses.

Q. Does expanded trade help our partners more than it helps the United States?

A. It benefits everybody concerned. Expanded trade certainly helps those nations like the Dutch and Great Britain who have a higher dependency on trade than we do because it increases the strength of their economy. But it helps our country too. As our partners sell more to us, the more they buy from us. And what they buy from us comes from very key parts of our economy. Agriculture is one of the top export areas in our economy and so are highly technical industries like steel, machinery, electronics and chemicals. And what they sell us is important because it gives us things we don't have and can't produce on our own—from bauxite for our aluminum to the cheaper grades of meat for our hamburger. And finally, since we have consistently sold more goods than we have bought, the resulting flow of money into the United States has helped us in our efforts to improve our overall balance of payments position.

Q. Couldn't we help the balance of payments problem even more by raising duties on foreign imports and bring even more money back to the United States?

A. We tried that approach once. And what happened to us was one of the reasons GATT was formed after World War II. During the late 1920's and early 1930's—what we call the Smoot-Hawley high tariff era—congress log-rolled higher tariffs for one American industry after another. Our trading partners had to protect their own interest so they raised the tariffs they charged on American exports. The result was that trade fell off heavily and with this, American industries suffered and unemployment increased as the foreign markets dried up.