the payments for freight are included. So I think it is wiser not to separate the two.

Senator MILLER. I would think so, too. But, the criticism is that we take into account freight on our merhcandise exports, but we do not take into account freight on our merchandis imports, and, therefore, the merchandise imports should be increased to reflect, comparatively, the freight bringing them in just as we include the freight in carrying our exports out, and this would eliminate our favorable balance of trade.

Mr. MACHLUP. We have to distinguish domestic and foreign freight, the freight paid within the United States and the freight paid between the United States border and the points of origin or destination. Which one of the two freights is that criticism concerned with?

Senator MILLER. I cannot answer that question, but I infer from the criticism that the freight is not equalized. In other words, the freight is not equalized in terms of its effect on the outflow of our dollars, and it should be equalized.

If I am not mistaken, I think both exports and imports are recorded on an f.o.b. border basis, and that would make them comparable. That means the merchandise crosses the border, the value that it has in going out or coming in at the border. So I believe that equalization is done.

Now to exclude an item like the agricultural exports under our support program would be quite arbitrary, because we could exclude many other things also with equal justification. We can exclude military expenditures abroad from our current balance. I have done exactly this in my statistical tables, because I felt they are better visible together with our financial transfers.

But, I do not think we can reasonably make the statement that we do not have an export surplus, sir.

Senator MILLER. Well, I take it from what you have said that you have done some experimenting on this, and from the standpoint of true balance-of-payments impact, there certainly should be some adjustment made in these figures that we receive from the Commerce Department; shouldn't there? If we are going to look at our balance of trade from the standpoint of its impact on outflow of dollars and inflow of dollars, there should be some adjustments made; should there not?

Mr. MACHLUP. I think the detailed figures are all available, and I am sure, sir, all figures that you request from the Department of Commerce, including the subgrouping of these figures, will become available to you.

Senator MILLER. I am sure the figures are available. The thing that bothers me is that when we ask for a favorable balance-of-trade picture, we are given a figure of $3.8 billion for last year. No backup detail; no adjustment apparently reflected in these figures along the lines which you have just mentioned. I was just wondering if it would be possible for somebody like you to give us an analysis in terms of the true impact on the dollar of these net figures with the adjustments, so that we would have some basis for evaluating those figures?

Mr. MACHLUP. From my reading of the quarterly reviews in the *Survey of Current Business*, I have concluded that they present a