growth is primordial to our comments. The distortions that inflation brings about in the structure of the economy and the pressures it generates in financial markets, inevitably results in economic dislocation to those on fixed incomes.

The reduction of income in the hands of the public together with a sound Government budgetary program may bring price stability in 1969. The estimated surplus of $3.4 billion should reduce the inflationary trend. An institution as a credit union that only accepts savings that can be withdrawn on a moment's notice, would have difficulty protecting the works that it undertakes if a constant inflationary trend reduces the value of the savings that our members have placed with us.

If it is necessary to maintain the surcharge on income taxes as suggested by President Johnson in order to produce greater price stability, we believe that this should be viewed along with other measures of tax reform in order to lessen some of the burdens of taxes on the lower and middle income families.

While credit unions are interested in price stability, we recognize that the bulk of our members live in the large urban complexes. Therefore, many of the nonmilitary Government programs that will aid the living conditions in urban centers are in the best interest of the credit union families and the Nation. CUNA believes that there should not be a reduction in Government programs that aid the poor, the aged, and those that live in urban centers. Programs for additional training, education, and health should be supported.

## Balance of Payments Problem

As credit unions continue to expand overseas, CUNA International becomes more and more involved with the problems of the balance of payments. The 1968 U.S. foreign trade surplus dropped to the lowest level in 30 years. A surplus on merchandise trade of only $725 million was a distinct change from the high level surpluses of preceding years. We recognize the necessity of need for freer trade between nations. The United States will be unable to change its current balance-of-payments problems if prices continue to rise domestically. All of the schemes to increase international liquidity will fail if we cannot sell U.S. goods abroad at a competitive price.

## Summary

The credit union movement through CUNA is intensely interested in programs that will increase the strength of our Nation and our members. We recognize that our members are facing problems of increased inflation in 1967 and 1968.

Unchecked inflation can only drive up the prices of all commodities including money. We urge positive programs to protect the Nation and our members from the hardships of inflation.

We urge that domestic programs to aid those living in urban centers be continued and strengthened.