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DULUTH--An expansion of exports is needed to bring about a balance of U.S. accounts overseas, Dr. Arthur W. Marget, retired director of the International Finance division, Board of Governors, Federal Reserve System, said at UMD Wednesday.

Speaking on "The International Economic Position of the United States," Marget called for a "liberal and expansionist" program rather than one which "is basically restrictionist and contractionist in character." His appearance was sponsored by Pi Gamma Mu, Social Science honor society at UMD.

Marget, who now is U.S.regional economic adviser for Central America in Guatemala City, said we must continue our efforts to break down artificial barriers to our exports, wherever they may exist. We must "change the direction and quality of our productive effort to assure competition as exporters." He cited, as an example, the American auto industries swift action in manufacturing compact cars to counter the flood of foreign cars into the U.S.

Dr. Marget said the so-called "run on the dollar" in 1958, when the first alleged massive gold outflow from the U.S. occurred ($2.3 billion that year), was not pictured correctly.

"What the facts showed," Marget countered, "was that there was, in reality, no mass conversion of foreign held dollar balances into gold in 1958. The total of these dollar balances, instead of declining in rough proportions to the loss of $2.3 billion in gold, actually increased by $1.2 billion."

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"What was happening was that we were suffering a serious deficit in our balance of payments," he added. We were paying to foreigners in cash to make up for "what we were not able to pay for in the usual way, which is through the export of goods and services."

Marget said a U.S. deficit in balance of payments existed from 1950-'56, averaging from $1 to $1.5 billion. By the second quarter of 1959, the deficit had climbed to almost $5 billion.

By the first quarter of 1961, this deficit had shrunk to around $1 billion.

Marget credited firm statements by President Eisenhower with bringing to an end the "crisis of confidence" which occurred when conversion of dollar balances into gold reached the peak.

Dr. Marget disagreed with those who claimed the U.S. had priced itself out of the market. He disagreed, also, that Russia had provided the new competition, despite its economic gains since World War Two.

"All I have in mind," Marget countered, "is the simple and obvious fact that Europe, in particular, had risen to its feet again; that it had invested very large sums in the most modern plants and equipment...that this was bound to mean a change in the conditions under which we should have to fight to maintain our exports, on the one hand, and to meet competition from imports, on the other."

In answer to those who argued to increase tariffs, restrict imports, and cut down on our economic and military assistance programs, Marget said that to restrict imports would likely invite similar policies by our trading partners; "a considerable proportion of our aid is tied to our exports so that a reduction in aid would result in a simultaneous reduction in our exports;" that an increase, not a decrease, can be expected in our assistance to underdeveloped nations.

Marget said we should tell our allies, whom we helped get strong, "that the improvement in their economic position should be reflected in an assumption of a greater share of the burden of foreign assistance." Even so, Marget warned, there probably would be no actual decrease in American foreign assistance.

Marget concluded that "we must make our international economic position so strong that we shall be able to take in stride a constellation of conditions less favorable to us. We simply cannot afford to fail. We will not fail."