Since I accepted this invitation only a week ago I have had little time and no assistance to prepare the comprehensive statement that this hearing deserves. I have, however, undertaken to write a very short résumé of some of the pressing current problems that face the country today as I see them and what might be done about them.

I hope this will serve as a helpful basis for your interrogation.

Our basic problem seems to be the inability of our economy to generate sufficient growth to utilize our available resources of labor, material, and productive facilities which are our real wealth.

At present the results of this are unemployment of more than 5½ percent of our labor force, extensive idle facilities, an increasing Federal deficit, and tendency toward a recession in the economy, with an increasing international balance-of-payments problem.

These situations tend to bring about a weakening of the dollar, an unstable stock market (due to expected reductions in corporate earnings) and a sagging real estate market, evidenced by increasing foreclosures and a slowing up of housing construction.

The dilemma in which we now find ourselves is not of sudden origin, but is the result of an accumulation of past failures to face up to and to deal with the basic economic problems that have confronted us.

Our failure to recognize our economic limitations is the principal reason for the deficiency in our international balance-of-payments—our most serious problem. During the past 15 years we have disbursed over $100 billion in economic and military aid, not including our own extensive military expenditures abroad.

This, together with large private foreign investments and expanding foreign travel by Americans, has drastically changed the position of Western Europe from one of a dollar shortage to a dollar surplus.

During this same period excessive increases of wages and fringe benefits of organized labor in this country have tended to price American goods and services out of the world markets and the domestic markets as well.

This has, in effect, deprived us of much of the economic freedom which we formerly enjoyed since we now find ourselves locked into a world situation which we can no longer control.

I do not believe there are any pat or ready solutions to these complex economic and social problems that have built up over the years, but I do feel the present situation, which could easily lead into a serious recession, calls for temporary action now, with permanent tax reduction next year.

While I cannot say we face an emergency, I can see no reason to wait until next year to reduce taxes.

This was written before the President's statement. So I didn't change it because it doesn't change my views any.

Why not act now before there is an emergency and in this way prevent a recession from developing?

There is every indication that this economy has reached a stalemate and may be heading downward. As I see it, the immediate situation calls for a reduction in individual income taxes as well as consumer taxes.

I would recommend that individual income taxes be reduced 5 percentage points across the board. This would be from 20 to 15 percent