

where our balance-of-payments position has certainly been slipping—to restore the investment credit as an incentive to the deepening of the productivity base of the American economy, particularly in the manufacturing-distributive sectors.

These, Mr. Chairman, are some of the observations that I made in initial comment, but only as a way of suggesting in this specific form that I was probably right in my first presumption, that the areas that can be covered here are so wide, and certainly the capacity I would have is so limited in any of them, I would rather not pretend to choose, but instead follow in whatever direction your own questioning is likely to lead.

(The complete statement of Robert V. Roosa follows:)

PREPARED STATEMENT OF ROBERT V. ROOSA

Mr. Chairman, it is a privilege to appear once more before this distinguished committee. It is here that the array of governmental economic programs can be brought together, in order to appraise their combined impact on the performance of the economy as a whole. It is here that the Congress can step aside from the immediate urgencies of legislation to appraise as well the implicit, and perhaps otherwise unnoticed, implications of many Government activities that are not ordinarily viewed in an economic context. This is indeed the place where the testing can take place, to determine whether and how the potentials inherent in all forms of governmental action may be used to reinforce the main lines of explicit governmental economic policy.

It is that kind of reappraisal—to assure adequate consideration of the economic dimensions of the entire array of public policies—that may have a dominating importance within the scope of this committee's responsibilities for the coming year. For speaking broadly, and without for a moment questioning the Administration's aims in defense and diplomacy, I think it is fair to say that the American economy would at this moment be enjoying sturdier expansion at home, and a sustainable viability abroad, had not additional distortions and pressures been imposed by the Vietnam effort. In setting the sights now for the economy in 1967, and beyond, the Legislative branch, it seems to me, can appropriately ask not only "What do our military and foreign affairs commitments imply for the American economy," but also "What do the priorities and potentials for our own economy's health imply for the dimensions and scope of our undertakings abroad."

It does not seem to me to be an impairment of our dignity or prestige to take stock of the two-way interactions between our economic capabilities and the responsibilities we wish to assume in world affairs. My own very modest attempts at that kind of appraisal, within the limitations that are inherent for any private citizen, have led me to a number of tentative conclusions with respect to the programs and prospects for the American economy this year.

Because I cannot presume to bring the comprehensive background needed for an adequate appraisal, my participation today can only be that of an anxious questioner. For that reason, I am not presuming to present a brief in support of a fully developed position. I do welcome very much however, your Chairman's invitation to discuss with you a number of compelling questions—though by no means, of course, covering the full range of relevant inquiry. First, may I suggest several questions of a broad analytical nature; and then second, several of more specific immediacy.

I. The general nature of our problems:

1. Is the economy now entering a cyclical recession, or is it instead in a hesitation phase induced mainly by the mix of governmental economic policies of 1966?

2. Why did our foreign trade and payments position deteriorate in 1966 and what is the prognosis for 1967?

3. Why have no dollars been added on balance to the official monetary reserves of other countries for the past two years? Is there a weakening underway in the world economy as a whole, or in the United States position within the world economy?