And more importantly in this context, whether it is another part of the fabric of control of international trade which has been woven over the last several years. Certainly it is to the credit of Government that this program has been developed with some flexibility; that in large measure it has been administered on a voluntary basis, at least as to corporations, although the Federal Reserve controls on banks in this area are hardly voluntary. But there must be some recognition of the fact that the fine line between voluntarism and compulsion in a system where the Federal Government's influence is as pervasive as it is today is hard to draw. The fact that the program has been tightened in terms of criteria from year to year, has been extended from year to year, and the further fact that the Federal Government does not seem to have any substantial program which would lead to abandonment of this restriction on private investment abroad, voluntary as it may be, should be of concern.

It is also somewhat incongruous that a government which continues to preach the seriousness of the balance-of-payments problem at the same time refuses to depart from the proposition that we must draw an artificial line between developed and developing countries, in terms of balance-of-payments policy. Beyond the Vietnam war, which obviously has balance-of-payments implications and on which the Institute completely defers with respect to Presidential judgment, the United States seems to tend in the direction of committing itself further as to international economic ventures some of which may have an unfavorable effect on our balance of payments.

These latter points are recounted, not for the purpose of implying or expressing a disagreement with any particular policy attached to any particular point. We wish to emphasize the fact that there are so many handles for engaging the issue of balance of payments that to date have been relatively untouched or ignored that one begins to wonder whether the problem is as serious as it is sometimes said to be and whether private investment and the free flow of international capital are absorbing more that their share of burden in dealing with balance of payments. As a matter of fact, we suggest affirmatively that international business and private investment and international flow of capital are indeed carrying too much of the load. Something else needs attention and some further realization of this growing tendency toward control of international trade transactions should be on the high-priority list of Federal policy review.

Trends in Social Security Policy Including Proposals Regarding Integration of Pension Plans With Social Security

As indicated at the beginning of this presentation, the institute is addressing itself primarily to tax matters, with emphasis on the investment tax credit. It is, however, our feeling that some additional points deserve to be raised, at least in a limited fashion, beyond the very important investment credit issue. Having commented on the matter of international trade and restrictions with respect to its free movements, we now turn to the question of social security developments including a highly complicated proposal of the Department of the Treasury regarding integration of pension plans with social security.

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