

unfavorable balance of payments by x billion dollars, some of other countries somewhere in the world must simultaneously have their balance-of-payments positions made less "favorable" by the same x billion dollars. And when we look around the world, it is abundantly clear that these other countries would be far more hurt by this change than we would benefit by it, even if we take the position (which I maintain to be wrong) that we would benefit by it at all.

To take some obvious examples, a reduction of \$1 billion in our unfavorable balance of payments would do us only a bagatelle of good, compared with the damage that would be done to an economy like that of England if its balance-of-payments position were unfavorably affected in this same amount. If we were to reduce our unfavorable balance of payments by cutting back on our investments or aid to a country like India, the damage done to that country would be incomparably greater than any benefit accruing to us. This is quite apart from the equally valid point that our international economic and political policies are correctly based upon the proposition that it is in our own vital interest to speed the economic and social progress of the most highly populated democracy in the world.

I therefore think that the CEA, instead of participating in the fears and warnings about our unfavorable balance of payments, should embark upon a sophisticated analysis of the productive role of U.S. investment in other parts of the world, if wisely guided, looking a decade ahead. What part of our GNP should flow in these direction? Where should it be encouraged to go? Insofar as this might have some unfavorable side effects, how can countermeasure be developed which do not throw out the baby with a bath?

Our international goods and services account

The comments which I have made above are particularly pertinent to these portions of our international accounts which relate to the exchange of goods and services. On these, we have run in most years a very large surplus, perhaps too large in that we should always remember that commerce and goods and services between nations must run along a two-way street. These considerations make it particularly undesirable that we should seek to improve our overall balance-of-payments position by such restrictive measures as those under consideration, such as application to American travel overseas. Even if this were not true on purely economic grounds—which I believe it is—placing restrictions upon opportunities for our people to make contacts with other peoples in their own lands is fundamentally inimical to the advancement of friendship and peace among nations.

It seems to me also that, just as it is natural for us to be large net investors in other parts of the world, it is also natural for the Nation with by far the highest per capita income in the world to expect that its own people will enjoy a much higher standard of living, in terms of worldwide travel, than is enjoyed by others. While we should en-