than adequate to take care of their families' needs, especially even their elementary education and health needs.

A grave problem that we must confront squarely is our country's balance-of-payments position. While it is true that we have achieved in 1968 an apparent balance for the first time in many years, this was achieved only by leaning on the crutch of capital controls and window dressing such as special official foreign purchases of U.S. Government securities. We cannot let this obscure the fact that our trade balance, for many years the source of strength in our international accounts, has deteriorated alarmingly. The longer we continue to prop up our balance-of-payments accounts with accounting gimmicks to provide an arithmetic balance, the more damaging will become the underlying weaknesses and the more difficult will be true improvement in our position.

While great strides have been made in improving the operation of the international monetary system, the three crises of 1968 are proof that we have a long way to go.

On the domestic front, it seems to me that we are fast approaching the end of an era. Solutions that may have been relevant to an earlier day are inappropriate to an incredibly changing world. Our neglected cities, deteriorating welfare system, the mounting financial problems of our State and local governments and obviously ineffective agricultural price policies are living testimonials to this. We have discovered that passing landmark economic and social legislation could be the relatively easier part of improving the quality of American life. Making the programs work—and avoiding harmful side effects that could nullify the benefits—is infinitely more difficult and calls for a strength of will and devotion to achieving success—and willingness to sacrifice, as in paying necessary taxes, we have not seen yet. New approaches are needed placing heavier reliance on the private sector, on States, and on local governments to utilize far more effectively the allocated Federal resources.

The 1970 budget is still woefully out of tune with the country's needs, and one of the greatest challenges of the new administration and the 91st Congress will be a reordering of our national priorities and enactment of legislation and appropriations based on agreed priorities. While proposed defense expenditures continue to rise, funds allocated for the crisis of the cities remain grossly inadequate. The fiscal year 1970 budget suggests that more than twice as much will be spent on farm price supports than on community development and housing; that more than twice as much will be spent on interstate highways than on urban mass transit, and that we are to spend no more in the coming year on water pollution than in the previous 2 years. The loan guarantee program to encourage the construction of academic facilities for higher education is proposed to be used as a replacement for, rather than as a supplement to, Federal grants and loans. While the President advocates higher education for all, the budget cuts back on National Defense Education Act loans for low income students. And I could go on and on.

The great failure of economic policy in the 1960's was the delayed implementation of a substantial measure of fiscal restraint—the failure to increase Federal income taxes in time to head off serious price inflation. The President's Economic Report blames the Congress for a tardy