and attempt to obtain the cooperation of labor and business in reaching decisions which in the eyes of the Cabinet Committee were more in the public interest. Besides being an invitation to arbitrary and discriminatory practice on the part of such a committee and inviting a kind of collusion among producers and labor unions to "play the system," such a proposal is unlikely to achieve its objectives.

To the extent there exist restrictive practices in labor markets or product markets, the Labor and Justice Departments have the direct responsibility to deal with such illegal practices using their legislative or judicial authority, with due process. To establish a Cabinet committee with no such legislative or judicial authority is only to blunt the interest and activity of those who have authority to deal with the issues involved.

In another area society's attempts to assure adequate living standards for those living in poverty should concentrate as much as possible on assuring these people the opportunity of becoming productive rather than simply attempting to funnel income to them from the more productive members of society. Social welfare programs clearly require more than attempts to improve productivity. Some people and families will need income beyond what their productivity can earn and society will necessarily choose to provide this income to them. However, the major emphasis of the war on poverty ought to be a positive program directed toward improving productivity and output and the personal and social dignity which comes from being a productive member of society. Throughout this program and other Federal programs, the driving emphasis ought to be on creating mechanisms which have the effect of improving productivity and efficiency, of freeing markets and persons from dependence on Government action and programs, and of making the economy conform as closely as possible to the pressures of competition.

Toward International Equilibrium

In its examination of the international economy, the Council's report reviews the progress that has been made in the growth of international trade and capital movements since the end of World War II. We share many of the views expressed in this section. The contribution of the present IMF system, the importance of stable exchange rates, the need for continuing progress on the problems of liquidity, confidence, and adjustment, and the need for freer trade including reduction of nontariff barriers are subjects which we have studied and on which we have taken firm position in recent years. While we share many of the positions expressed in the report on the necessity of restoring equilibrium in the U.S. balance of payments, there are some differences between our veiws that also should be highlighted.

The basic objective of our international trade and financial policy should be to achieve the full benefits of international exchange for ourselves and others by reducing restrictions on international trade and investment. A primary requirement for the effective functioning of the international payments system is that the United States achieve equilibrium in its balance of payments and thereby eliminate a major source of instability which has impaired the effectiveness of that system in recent years.