

the long-range housing program proposed by the President and enacted by the Congress not so long ago, the very heart of which is recognition that a full-scale housing program, adequately directed toward the slums and poverty, requires a very wide range of charges to the user? Whether the charges to the user are reduced by lower interest rates, or by subsidies covering the cost of higher interest rates, has no bearing upon the erroneous nature of the CEA commentary.

Indeed, this CEA commentary about housing reinforces, possibly more than anything else in the CEA report, my conviction that the CEA has not assumed the responsibility to develop that expert and comprehensive treatment of all basic national economic and social policies which alone can fulfill its responsibilities under the Employment Act of 1946.

VII. THE INTERNATIONAL ECONOMY

The treatment of the international economy in the 1969 CEA report is expert and informative, but excessively conventional, complacent, and nonenterprising in view of the unsettled state of international economic arrangements and the recurrent crises during recent years.

I would have been more impressed if the CEA had dealt positively and firmly with these issues, which I deem to be of central and pressing importance:

(1) Some nations must run an unfavorable balance of payments, as that term is conventionally defined, and should not the United States be one of them? Our preeminence in economic and financial terms, and many other factors, have led me to the conclusion that, for a number of years ahead, we should be huge net investors in overseas areas, especially in underdeveloped areas. If we are to pursue such a policy, we must run a large unfavorable balance of payments for some time to come, measured short term.

(2) Does the customary method of recording international accounts correctly reflect our true international position, or is it highly misleading? As in the case of the Federal Budget, especially until the most recent year or so, the commingling of all types of outflows and receipts in our international accounts presents an entirely unrealistic and excessively alarming picture. For example, defense outlays overseas do not have the same economic nor financial significance as loans or investments overseas. There is also failure to distinguish realistically between short-range and long-range positions.

(3) Viewing our unfavorable balance of payments in ratio to our GNP during recent years and currently, have we not made a mountain out of a molehill, to the extent that we have allowed efforts to solve this problem—substantially unsuccessfully, at that—to militate against adoption of infinitely more important programs and policies directed toward the optimum advancement of economic and social equilibrium, optimum economic growth, and minimum unemployment at home?

(4) Can we really determine optimum international economic policies without setting them in the broader perspective of total economic analysis and programs, which I have stressed throughout this discussion, and which the CEA has not yet brought forth?

(5) Do we not need to move more vigorously and rapidly toward the gradual abandonment of the gold anachronism?