

able to exercise effective monetary policy. Because now we can engage in open market operations. That's one thing.

The other thing is that the national debt sometimes takes care of itself. For instance, it is \$300 billion. But in terms of purchasing power - in 1940, purchasing power was less than \$150 billion. Remember when you bought your war bonds for \$18.75 and after ten years how happy you were with \$25? But you didn't realize that you only got \$12.50 worth of purchasing power, did you? Well, that's the national debt; it solves itself over the long-run.

Already, your children talk about 15¢ icecream cones. This is a new generation. They will live with it at an increased price.

QUESTION: Doctor, I suppose that the most important problem to the military man is the balance of payments. We've heard all kinds of proposals to correct this, from the deficit value of gold to the injection of a new kind of opinion. I'm just wondering what is your proposal for solving the problem of the balance of payments?

DR. POPPE: We have three real experts on that. I can give you my opinion on it. I always say that you never get richer by giving things away. And we have been giving things away - \$100 billion since the Second World War - and our chickens are coming home to roost. The balance of payments problem reflects itself mostly, of course, in the gold shipments from the United States - or, from the account of one nation to another - that is, from the United States to other nations - as a result of what we refer to as an unfavorable balance of accounts. And that is because we are not exporting enough. On current accounts we do very well.

We export goods and services in which we are really competitive. But we have other commitments, and the other commitments are foreign aid, forces overseas, etc. It is here that we will have to make the determination of what is more important; the outflow of gold, or maintaining the aid and the forces overseas, etc. Now, we