No Easy Remedies Exist for Payments Problems

(Edward M. Bernstein)

In a New Year Day message to the nation, President Johnson announced a very severe program to restore our balance of payments. The new program is urgent because of the threat of another balance-of-payments crisis to which the dollar depends on the strength of our payments position.

The United States has had a difficult balance of payments problem for the past few years. Essentially this means that the earnings from trade surpluses and foreign investments have not been sufficient to pay for our foreign investments abroad and overseas military expenditures of the Government. Every President since Eisenhower has taken some action to strengthen the balance of payments. This is true as a matter of late, and temporary improvement was achieved. In the past two years the problem has become serious—partly because of the costs of the Vietnam war, partly because of the Inflation of 1965-66.

The devaluation of sterling weakened confidence in currencies generally and in the dollar position. The dollar position recovered some of its former strength in the gold markets of London, Zurich and Paris. There was no imminent danger of a breakdown of the international monetary system. The threat disappeared through the cooperative action of the countries in the gold pool, but only after several hundred million dollars had come out of our gold stock.

So long as other countries keep acquiring a surplus of dollars, there is danger of renewed flight into gold. Unless we restore the strength of the dollar, which is one of the pillars of the international monetary system, it will be impossible to avoid widespread monetary disorders. The remarkable prosperity of the post-war period might then end in a disastrous war as it did in the 1930's.

These are the facts and the fears that underlie the President's action program. The program imposes a reduction of $1 billion in U.S. direct investment abroad. It requires a return of $2.5 billion in the form of bank loans to other countries. It includes a reduction in nonessential travel outside the Western Hemisphere. It includes further restrictions on Government spending abroad. Finally, it proposes measures to encourage a larger increase in U.S. exports, which must be the principal means of restoring our long-run payments position.

The action program will entail hardships for the U.S. economy and for the world economy. There is no avoiding any of these facts. But we must think of our difficulties as due to wicked foreigners who insist on converting dollars into gold and who force us to borrow dollars out of a free exchange market. Unfortunately, there are no easy remedies for balance-of-payments problems.

The outlaw of gold is a consequence, not a cause of our difficulties. We cannot solve the payments problem by the ingenious device of outlawing gold because we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back. Nor can we sell gold to the world if we won't buy it back.

RAIL MERGERS

Mr. CHARLES H. WILSON. Mr. Speaker, I am prepared to consent that the gentleman from Maryland [Mr. FRIEDEL] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FRIEDEL. Mr. Speaker, as chairman of the Subcommittee on Transportation and Aeronautics of the Interstate Commerce Committee, I have received a considerable amount of mail and listened to a lot of arguments for and against railroad mergers.

I am sure my colleagues are aware of the length of time it takes to obtain a decision in a considerable number of cases, if it is taken to the courts. Just last month we saw the Supreme Court rule on the merger of the Pennsylvania and New York Central Railroads.

In this connection, I would like to call the attention of my colleagues to an article which recently appeared in the Washington Post entitled "Rail Merger Consummated" and to ask it to be inserted at this point in the Record.

(Railway Age, Jan. 27, 1968)

RAIL MERGER CONSUMMATED

The Supreme Court, in a 6 to 3 decision, approved the merger of the New York Central railroad with the Penn Central, which was to be completed by March 1. Judge Henry Friendly, for the dissenting justices, both in the corporation union, New Haven will have its losses pointed out, at a very heavy cost to its bondholders. But in weighing the Penn Central merger, the result of political pressure and the prospect of the benefits to the East should not be forgotten.

If one proceeds logically—still to be tested—the railroad merger is an important step toward economic viability. Increasing competition should be facilitated by the courts. The Penn Central, the result of political pressure and the prospect of the benefits to the East should not be forgotten.

In the merger, the Penn Central system is composed of the New York Central, the Penn Central and the B&O.

Railroads interline with each other, some of them being interlaced with the New York Central and the C&O.

The flaw in the three-trunk line system is that competition is limited. The Penn Central being too independent of the New York Central and the B&O, the ICC had to decide whether to lift the merger, and that is why the ICC approved the merger of the New York Central and the B&O.

In our view an N.W.-B&O merger is essential to restore the balance of railroad competition in the whole country. That is why we opposed the proposal to approve the merger.

CONSUMER PROTECTION ACT

Mr. CHARLES H. WILSON. Mr. Speaker, I am prepared to consent that the gentleman from Texas [Mr. Eckhardt] may extend his remarks at this point in the Record and include extraneous matter.
The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ECKHARDT. Mr. Speaker, the bill that we passed today is the most innovative bill that we have passed in this session of Congress and it affords effective consumer protection against credit abuse and excessive hidden interest rates in credit sales of consumer goods. I voted for the bill enthusiastically.

But the Poff amendment was Improvident. It is a sham pretense at reform with gaping loopholes. The Poff amendment should be eliminated or drastically altered in conference.

Under it, a State loan regulatory agency which is weak or corrupt can circumvent application of Federal law by licensing lending institutions which flacrant and habitually engage in usurious and related crimes—including shootings and beatings of customers and personnel.

This bill emphasizes the compelling need for a sound program of bank security and protection. It describes several devices and techniques which have proved effective not only in safeguarding banks against criminal assault, but also in helping the FBI and other law enforcement agencies to identify and arrest those involved in bank robberies and related crimes.

We urge that, in the light of the information which this booklet contains, you carefully consider adding your own facilities, customers and personnel.

The mounting tide of crimes against banking institutions is a clear warning that strong safeguards and up-to-date security measures are needed.

Please do not hesitate to contact either the Comptroller of this Office if you would like to have additional information on how to formulate a maximum protection plan for your bank.

Sincerely,

WILLIAM B. CAMP,
Comptroller of the Currency.

The response to the Comptroller's letter has been gratifying. Bank officials have pledged renewed efforts on their part and have indicated that they are taking the warning to heart and are following his suggestions for tighter security measures.

The public, too, is becoming increasingly aware of the problem, as indicated by the following articles that follow.

BANKS USED TO IMPROVE SAFEGUARDS

The Comptroller of the Currency, citing a mounting wave of bank robberies, has urged all national banks to install up-to-date security measures in their operations.

Comptroller William B. Camp sent to all national bank presidents a booklet entitled "Criminal Assaults on Banks" which suggests alarm systems, microphones connected to a speaker at the local police station and hidden cameras to discourage and thwart robberies. The booklet lists the compelling need for a sound program of security and protection in banks.

It tells of several devices and techniques which have proved effective not only in safeguarding banks against criminal assault, but also in aiding the investigation and arrest those involved in bank robberies and related crimes.

The booklet describes the growing danger from bank robberies,拐骗 and related

Other measures included: Uniform guards; steel bars and gratings over windows and skylights; bulletproof glass at tellers' windows, as well as two-way mirrors; adequate lighting, and "shy" money with the denomination, serial number and year recorded.

[From the Philadelphia Inquirer, Jan. 33, 1968]

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THE PRESIDENT'S IMAGINATIVE MESSAGE TO VETERANS AND SAVINGS BANKS

Mr. CHARLES H. WILSON. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey (Mr. Ronnow) may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RODINO. Mr. Speaker, one of the highlights of President Johnson's message to Congress on America's service men and women was his request to provide incentives to channel the talents of veterans to the most urgent needs of rural and urban communities.

His proposed Veterans in the Public Service Act of 1968 would provide additional benefits to encourage the children of the poor to help man police forces and fire departments, and to do meaningful work in local hospitals.

This program should enable Vietnam era servicemen, who return to civilian life at the rate of 70,000 a month, to contribute the leadership that is required in the service to help the children of the disadvantaged to work their way out of their unfavorable surroundings and up to their fair share of the fruits of our democratic society.

It is fitting that these children should learn how to make their way in our system of free enterprise from the men who