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UNITED STATES DEPARTMENT OF
COMMERCE

John T. Connor, Secretary

Washington, D.C.

Office of the Secretary

REMARKS OF THE SECRETARY OF COMMERCE
JOHN T. CONNOR AT A MEETING OF THE CHIEF
ADMINISTRATIVE OFFICERS OF THE STATE HIGHWAY
DEPARTMENTS OF THE UNITED STATES, CALLED BY
AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS
TO DISCUSS THE PRESIDENT'S BEAUTIFICATION PROGRAM,
AT THE WASHINGTON HOTEL, WASHINGTON, D. C.,
FEBRUARY 17, 1965

The United States has the finest highway system in the world.
I am proud of the partnership between the Federal Government and
each of the fifty States you represent which has made this possible.

Under this partnership, you have built highways that are saving
money, saving time, and saving lives. You have built highways that
are stimulating our economy and strengthening our national defense.
And, you are continuing to build highways at the accelerated rate that
is necessary for the Great Society that President Johnson envisions.

We still have a long way to go, however, to catch up with the
highway needs of this Nation on wheels. Your responsibilities to serve
the American people will be no less in years to come. They will
increase commensurate with the growth of highway transportation and
our Nation.

We -- the Federal Government, the States, and the cities of our
Nation -- must continue our partnership to build safe, efficient and
economical highways. In doing so, we must give particular attention
to two great needs: the need to preserve and enhance the beauty of
our Nation, and the need to reduce the terrible toll of accidents on
our highways.

The everyday driving of millions of Americans offers an
unprecedented opportunity to see and enjoy the beauty and grandeur

of America. Too often, however, what they see is marred by carelessness with our God-given land of fruited plains, purpled mountains, and templed cities. The view from our highways often is marred by barren landscapes, automobile graveyards, and other unsightly clutter.

You have the opportunity to correct this. You have the opportunity and the responsibility to protect for Americans the beauty of our great country. I am delighted that you have responded so quickly to the President's call for a highway beautification program by meeting here today. Future generations of Americans will be grateful for what you can do to preserve their heritage.

I know that President Johnson is greatly concerned with the needless slaughter on our highways. Last year nearly 48,000 Americans were killed in traffic accidents. This is an increase not only in the total number of fatalities, but in the fatality rate as well.

This trend must be reversed. Highway improvements are essential to highway safety. I am pleased that so many of you are cooperating in the President's priority program to improve highway locations with high accident experience.

Safety through engineering is a concept that merits high priority in our plans and programming. Since President Johnson urged such a program last March, 155 safety improvement projects costing nearly \$39 million have been put under way. The effect of these improvements is not yet noticeable, but each of these improvements will pay dividends by saving the lives of American citizens year after year.

I know you will continue to give this program high priority. At the same time, I hope you will give close attention to all other safety programs in order to do all within your power to reduce tragedy and the needless waste of lives and property on our highways.

I understand from the Federal Highway Administrator that your organization has also been meeting to discuss your participation with the Bureau of Public Roads in its study of a continuing highway program. The present Federal-aid highway program is helping us catch up with our needs. Your cooperation in a study to help establish the Nation's future needs is essential.

The people of our country and of each of your States have entrusted you with a great responsibility. I am sure you can serve them well.

How faithfully you do this will benefit the American people far beyond the essential fact of modern roads. The strength of our national economy depends upon efficient highway transportation. So in striving for the world's most modern highway system, we are reinforcing the pillars of the free enterprise system which holds the hopes of a better life for our people and all the world.

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COMMERCE

John T. Connor, Secretary

Washington, D.C.

1146
Office of the Secretary

For Release Thursday,
February 18, 1965

Remarks by Secretary of Commerce John T. Connor Prepared for
Delivery at White House Meeting on Balance of Payments,
East Room, 1:30 P.M., Thursday February 18, 1965

Since the President has designated me to oversee the business operations
part of his balance of payments program, my instinctive thought has been:

"Now is the time for all good businessmen to come to the aid of their
country--and of me!"

To do this job, we will need your full cooperation. We will need your
sympathetic understanding. And we will need your active support of the
measures we are recommending in our voluntary cooperation program.

We fully recognize that your business activities have resulted in
substantial net gains in our payments position. We know that the income from
your overseas investments has been of great benefit to our country, as well
as to your companies. We are also aware that our export position would not
be as strong as it is today if you had not made the investments, if you had
not established the necessary overseas subsidiaries and branches, to hold and
expand your markets for products and component parts and intermediates and
supplies produced in the United States.

We are equally aware that we are not talking about painless sacrifices
in this balance of payments program. What we are asking of you is going to
hurt.

But our payments position is acute. And if we are to maintain our
position in the world--both our political and our economic positions--we must
ask you to do more. We must ask you to make an even greater contribution to
our net payments position.

Our voluntary cooperation program will be explained in more detail when
we meet later this afternoon at the Commerce Department. But I want to
emphasize here that this is a voluntary program.

We do not intend to tell you what you can or cannot do. We are not
going to tell you how to run your business at home or abroad. But we are
going to ask you to accept voluntarily certain definite objectives and
obligations in the national interest and in your own ultimate best interest.

This is a voluntary program because we believe this is the best way to get the job done. What we seek is the release of the full creative abilities of the top officers of the several hundred companies that have a significant impact upon our balance of payments position. This is the only way we can get programs tailor-made to fit your individual situations. You have to determine for your own companies what you can do to help business make an even greater contribution to the solution of our payments problem..

So this is what we are asking: We want the head of each of the companies with substantial international business to develop a balance of payments ledger for his own company.

Our concern is with the overall balance on your total receipts and payments which in turn has an important effect on the Nation's balance of payments. Your problem is to make a significant contribution through your company to a substantially improved national balance.

We are throwing the ball to you, and asking your help.

I know you will not fail to meet this challenge.

We are asking you to commit yourselves to concrete improvement in your own balance of payments ledgers. We ask you to accept the goal of improving your overall balance of payments performance in 1965 by 15 to 20 percent over your 1964 results.

How can you do this? You can:

1. Expand exports--either through independent channels or to and through your foreign affiliates.
2. Develop new export markets in which you have not been active.
3. Increase your use of American-flag vessels and airlines.
4. Avoid or postpone direct investment in developed countries in marginal projects and in projects which do not soon result in higher exports or larger investment incomes.
5. Restrain financing of direct investments abroad from funds earned or raised in the United States, or from foreign earnings that ordinarily would be repatriated.
6. Make greater use of funds raised abroad to finance direct investments in other countries--even though the financing charges are higher than in the United States.
7. Sell equities in foreign subsidiaries to residents of the host countries.

8. Accelerate the repatriation of income earned abroad.

9. Minimize the outflow of short-term financial funds and arrange for the orderly repatriation of such funds previously invested abroad. In particular, bring back the money some of you sent abroad recently to get prepared for contingencies that have not materialized.

In our voluntary cooperation program we will depend upon you to determine the proper combination of these measures, and we hope you will be able to develop additional measures, suitable to your particular activities.

But we ask that you keep us informed of your activities, of what you are trying to do, and of the problems you encounter in trying to improve your payments position. We also ask that you notify us before new investment projects of \$10 million or more are undertaken in developed countries so that we can give you any necessary guidance and advice.

Your company's part in this effort should be the concern of your top executive officials. I certainly intend to take my responsibilities in this matter very seriously and very personally.

We will seek the counsel of an Advisory Committee of outstanding businessmen in the administration of this program. But the responsibility will be mine--as I hope you will make your company's payments ledger your personal responsibility.

I am sure I need not tell you how appreciative we are of your attendance here today. You have contributed much to the financial strength of our country. But now we need an even greater effort. I am confident we can count on your complete and determined support to make this program in business-government cooperation an outstanding success.

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Office of the Secretary

FOR A.M. RELEASE WEDNESDAY, FEBRUARY 24, 1965

G 65-29

Secretary of Commerce John T. Connor today named a committee of nine prominent business executives to advise him on the conduct of the program of voluntary cooperation by the business community to improve the U. S. balance of payments position.

The committee, known as the Balance of Payments Advisory Committee of the Department of Commerce, is headed by Albert L. Nickerson, chairman of the board of Socony Mobil Oil Company, New York, N. Y., as chairman, with Carter L. Burgess, chairman of the board of American Machine & Foundry Company, New York, N. Y., as vice chairman.

Other members of the committee are:

Fred J. Borch, president General Electric Company, New York, N. Y.;

Carl J. Gilbert, chairman, The Gillette Company, Boston, Mass.;

Elisha Gray, II, chairman, Whirlpool Corporation, Benton Harbor, Michigan;

J. Ward Keener, president, B. F. Goodrich Company, Akron, Ohio;

George S. Moore, president, First National City Bank, New York, N. Y.;

Stuart T. Saunders, chairman, Pennsylvania Railroad Company, Philadelphia, Pa.;

Sidney J. Weinberg, general partner, Goldman, Sachs & Company, New York, N. Y.

The voluntary program has been instituted at the direction of President Johnson. The President asked Secretary Connor to enlist the American businessmen in a concerted campaign to conduct their overseas operations in ways which

will increase the contribution of the business community to an improvement in the U. S. balance of payments.

Secretary Connor described the voluntary program at a conference of business executives held at the Commerce Department February 18, following a meeting at the White House addressed by President Johnson. He outlined nine techniques available to business in achieving additional contributions to the overall balance of payments:

- (1) expansion of exports;
- (2) development of new export markets;
- (3) acceleration in the repatriation of income earned in developed countries;
- (4) avoidance or postponement of direct investment in marginal projects;
- (5) restraint in financing new direct investments in developed countries with funds raised in the United States;
- (6) greater use of funds raised in developed countries to finance direct investments in those countries;
- (7) where appropriate to the company and the country, sale of equities in foreign subsidiaries to residents of the host countries;
- (8) increased use of American flag vessels and airlines; and
- (9) minimizing the outflow of short-term financial funds and repatriation of funds previously invested abroad.

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SUMMARY WORKSHEET

Selected Foreign Transactions by U.S. Business Enterprises to be
Considered in Achieving Improvements of Balance of Payments

Name of Company

Return Worksheet To:

Secretary of Commerce
U.S. Department of Commerce
Washington, D. C. 20230

Check rounding used

- ☐ Thousands of dollars
☐ Other (Specify)

NOTE - Please read instructions below and on reverse before completing
this Worksheet.

SELECTED FOREIGN TRANSACTIONS

- A. Exports from the United States to all Countries
- B. Earnings on investments, and other specified current transactions
with affiliated companies in developed countries*
- C. Earnings on other investments, and specified current transactions
with other foreigners in developed countries
- D. Capital transactions with affiliates in developed countries, net
(increase in assets: debits; decrease; credits).....
- E. Other capital transactions in long-term assets in or claims on
developed countries, net (increase in assets: debits; increase in
liabilities: credits:

TOTAL CREDITS AND DEBITS

Balance of credits (+) or debits (-), 1964

Balance of credits (+) or debits (-), estimate for 1965

1964

Total except Canada

Canada

Credits

Debits

Credits

Debits

SHORT-TERM FINANCIAL ASSETS

- A. Total held directly and through U.S. banks in all countries and currencies.....
Of which
1. In all listed developed countries except Canada
2. In Canada
- B. Total held in Canada and listed developed countries by your controlled foreign affiliates in all
countries
- Of which
1. Assets in Canada

Outstanding amount

Dec. 31, 1963

Dec. 31, 1964

* Current list of developed countries attached.

GENERAL INSTRUCTIONS

Coverage - This worksheet covers (1) all exports, (2) investment income, fees, and capital transactions with foreign affiliates in listed developed countries, (3) other investment income, fees, and transactions in long-term capital assets in or claims on listed developed countries, and (4) short-term financial assets held by you in all foreign countries and held by your controlled foreign affiliates in developed countries. Most of this information is reported to the Office of Business Economics or Federal Reserve Banks on the forms identified below.

DEFINITIONS - "Developed Countries" for purposes of this worksheet are as listed in the enclosure.

"Foreign Affiliates" includes unincorporated foreign branches, or foreign corporations in which you directly own at least a 10 percent equity interest.

Other definitions appear in the underlying instructions and regulations governing the existing forms mentioned below.

Amounts - It is recommended that entries in the worksheet be rounded uniformly to the nearest thousand dollars; if other roundings are used they should be specified. If actual accounting data are not available, or are delayed, your best estimate should be used. Exemptions for minor transactions provided in the existing reports mentioned below should also be applied herein.

Consolidations - This worksheet should include all relevant transactions of your company and its U.S. subsidiaries, following the same consolidation principles used in reporting on OBE Forms BE-577 and BE-578. If preferred, separate worksheets may be prepared by individual domestic subsidiaries or divisions, but these should be reported through the top U.S. company.

GENERAL INSTRUCTIONS (Continued)

Joint ownership or operations - In cases where there are two or more U.S. companies jointly owning or operating a foreign affiliate, each U.S. company may elect to prepare a separate worksheet reflecting its direct or pro-rata share of transactions with the affiliate, or a joint worksheet may be prepared, if preferred, with each U.S. owner identified. Joint owners should arrange to avoid duplication or omissions in final consolidated worksheets.

Where there is a U.S. company with relevant foreign transactions, which is in turn controlled by one or more U.S. parent companies, the worksheet may be prepared by the operating U.S. company, or by the U.S. parent companies, if preferred, including their direct or pro-rata shares of transactions with foreign affiliates.

In general, procedures used in preparing the worksheet should preferably follow those used in reporting on OBE Forms BE-577 and BE-578. If special procedures are used in preparing worksheets covering joint ventures or consolidated domestic affiliates, an explanation should be provided with the first worksheet.

Frequency and timing - The initial worksheet is for the year 1964, with a single figure for 1965, and should be prepared as soon as possible but no later than April 15. Quarterly worksheets should be prepared, beginning with one covering the first calendar quarter of 1965, giving the same items or information for each successive quarter through the year, and supplying a revision of the annual 1965 estimate if that should be necessary. The quarterly worksheets should be prepared as soon as the relevant information has been filled in on the existing OBE and FRB reporting forms, where these are relevant. A supply of quarterly worksheets will be made available.

Filing of report - A single copy of each worksheet, with associated correspondence, comments, or supplementary information, should be sent to the Secretary of Commerce, Washington, D. C. 20230. Questions about the worksheets, filing procedures, or balance of payments voluntary program, should be directed to the Assistant Secretary of Commerce for Economic Affairs.

SPECIFIC INSTRUCTIONS

Selected Foreign Transactions

Item A - The definition of exports used here is consistent with that used in existing reports to the Bureau of the Census, as follows: Exports include: (a) shipments by your company from the United States directly to foreign countries of products which are not subjected to further manufacture, fabrication or assembly in this country before being shipped abroad, (b) sales to the U.S. Government of products which are to be shipped abroad to a foreign nation, and (c) sales for export of your product to or on order of export firms and other sales known to you to be for export. Include your shipments to foreign subsidiaries or divisions of your company and its affiliates. Do not include sales to the U.S. Government of products shipped abroad for use by the U.S. Armed Forces.

Shipments to customers in Canada are classified as exports. Shipments to Alaska, Hawaii, and Puerto Rico are not classified as exports. Exports do not include products shipped to domestic customers who will further manufacture, fabricate, or assemble them.

Exports values should preferably be on an F.O.B. U.S. port basis. If some other basis is more convenient, please specify.

Item B - Net earnings includes dividends, interest and branch profits (losses) plus the U.S. firm's share in the undistributed profits (losses) of foreign incorporated affiliates. Dividends and interest corresponds to the amounts reported (after withholding taxes) in items 1 and 2 of Form BE-577 and item 5 of Form BE-578. Branch profits corresponds to item 6 of Form BE-578.

Undistributed profits can be computed annually from Form BE-577, using the U.S. firm's equity in earnings as given in item 5 and deducting common dividends before withholding taxes as given in item 1, and are entered in this item as a credit. Quarterly worksheets should include undistributed profits data for those foreign affiliates for which such information is available. If this omits figures for some affiliates included in the annual data, please supply the amount included in the annual worksheet for the undistributed profits of affiliates not included in the quarterly data.

Other specified current transactions are receipts (credits) of royalties, fees, and home office charges, and correspond to items 3 and 4 of Forms BE-577 and BE-578. Similar payments to these foreign affiliates should be shown separately as debits.

Item C - Current transactions included in this item are income in the form of dividends and interest from sources

other than affiliates, and fees corresponding to the amounts reported in column (a), Sections A and B of Form BE-93. Do not include dividend or interest payments by the U.S. company to foreigners.

Item D - The entry for this item should be either a debit or a credit entry obtained by consolidating capital transactions with all affiliates in all developed countries. The data to be supplied in this item are related to information supplied to the Office of Business Economics, U.S. Department of Commerce, on Forms BE-577 and BE-578. Specifically, the net capital outflows (debit) from the United States, or inflow (credit) can be computed by summing the changes in intercompany accounts, notes, advances, and securities of foreign affiliates as reported in items 7, 8, and 9 of Form BE-577, the change in net branch assets computed as the net difference between items 1 and 15 of Form BE-578, and the undistributed profits of foreign affiliates computed as indicated in item B (counted as a debit entry in this item). For annual computations, the outstanding balance of intercompany accounts and debt, and net branch investments at the beginning and end of the year may be used, plus all transactions in equity securities during the year and the calculated undistributed profits.

Item E - This item should be either a debit or credit entry. In calculating it include (1) changes in the amounts outstanding of long-term commercial credits of the type reported on Treasury Foreign Exchange Form C 1/2, Column 10; (2) purchases (debit) or sales (credit) of foreign securities, mortgages, and similar marketable items; and (3) other acquisitions of property or property rights.

Short-term financial assets

A. Firms holding substantial amounts of liquid assets abroad report such items on the monthly Treasury Form, Supplement to Foreign Exchange Form C 1/2. In general, the amounts to be reported for this item on this worksheet represent corporate funds invested directly abroad (not through affiliates) in liquid form. Foreign assets of this type would include demand and time deposits and holdings of negotiable and readily transferable commercial and financial instruments, including obligations of foreign governments. Claims such as commercial loans and accounts receivable should not be included in this worksheet.

This item should include similar short-term foreign assets held for your account by U.S. Banks.

B. This item includes the same types of assets described in (a) above held in developed countries by your control, foreign subsidiaries and branches. Do not duplicate in holdings included in (b) where consolidated branches or subsidiaries are involved.

List of Developed Countries*

Australia	Luxembourg
Austria	Monaco
Belgium	Netherlands
Canada	New Zealand
Denmark	Norway
France	Republic of South Africa
Germany (Federal Republic)	San Marino
Hong Kong	Spain
Italy	Sweden
Japan	Switzerland
Liechtenstein	United Kingdom

*This list is subject to some modification at a later date.