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NOMINATIONS—COMMERCE DEPARTMENT

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HEARING

BEFORE THE

COMMITTEE ON

INTERSTATE AND FOREIGN COMMERCE

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF

EDWARD GUDEMAN TO BE UNDER SECRETARY
OF COMMERCE

ROWLAND BURNSTAN TO BE ASSISTANT SECRETARY
OF COMMERCE FOR INTERNATIONAL AFFAIRS

CLARENCE DANIEL MARTIN, JR., TO BE UNDER SECRETARY
OF COMMERCE FOR TRANSPORTATION



JANUARY 25, 1961

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NOMINATIONS—COMMERCE DEPARTMENT

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HEARING

COMMITTEE ON

INTERSTATE AND FOREIGN COMMERCE

UNITED STATES SENATE

OFFICE OF THE CLERK

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III



NOMINATIONS—COMMERCE DEPARTMENT

Nomination of Edward Gudeman, of Illinois, To Be Under Secretary of Commerce

WEDNESDAY, JANUARY 25, 1961

U.S. SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:25 a.m., in room 5110, Senate Office Building, Hon. Warren G. Magnuson (chairman of the committee) presiding.

The CHAIRMAN. The committee will come to order.

We have a long agenda this morning and several of the Senators are on their way but we will get started with the hearings on three nominations for the Department of Commerce.

The first nomination is Mr. Edward Gudeman of Illinois to be Under Secretary of Commerce.

We will be glad to have you come forward, Mr. Gudeman, and if you will pull that microphone a little closer to you, the people in the back will be able to hear.

Mr. Gudeman has submitted his biography to the committee. He was born on October 9, 1906, in Chicago, attended grammar and high school in Chicago, on the South Side.

I will put this in, too, though I don't know why—he is a graduate of Harvard College, 1927, with a B.A. degree.

Immediately thereafter he joined Sears, Roebuck & Co. as a trainee, spent several years in Sears' retail stores as well as 1 year learning manufacturing in a Sears' factory.

In 1932 he became a buyer of refrigerators for the company and in 1933 was given the additional responsibility as a buyer of washing machines. He held these positions until 1937, when he was made assistant general merchandise manager.

In 1939 he became assistant on buying to the vice president in charge of merchandising, and held this position until 1952, when he became vice president in charge of merchandising.

He was elected a director of the company in 1948. He resigned his position as vice president in October of 1959 but remained on the board of directors.

In 1959 he became consultant to and a director of the Brunswick Corp., which is a sport equipment concern, and then in the early spring of 1960 he became a partner of Lehman Bros., an investment banking firm.

In addition to being a director of Sears, Roebuck & Co. and the Brunswick Corp., Mr. Gudeman was a director of the Schnadig Corp., a furniture manufacturing company; Globe-Union, Inc., an automo-

bile battery manufacturing concern; and One William Street, an investment fund.

He was also a director of the Lyric Opera Co. of Chicago, Michael Reese Hospital, and a member of the Village Council of Winnetka, a suburb of Chicago in which he resided.

Mr. Gudeman has resigned from all of his commercial and community affiliations and activities. He is married to Francis Alschuler; they have two sons, age 24 and 21. The elder son, Jon, is in the Graduate School of Social Relations at Harvard, having graduated from the college 3 years ago. The younger son, Stephen, is a senior at Harvard College.

This is batting one thousand. [Laughter.]

Mr. GUEDEMAN. Is that good or is that bad?

The CHAIRMAN. I presume they all matriculated before November 8 of this year?

Mr. GUEDEMAN. I put no pressure on them to go to Harvard, of course.

The CHAIRMAN. All right; we will place your biography in the record in full and we will proceed with any questions the committee has on your nomination as Under Secretary.

(The biography of Mr. Gudeman follows:)

BIOGRAPHY OF EDWARD GUEDEMAN—DESIGNATED BY PRESIDENT KENNEDY TO BE UNDER SECRETARY OF COMMERCE

Edward Gudeman was born October 9, 1906, in Chicago, Ill.

He attended grammar and high school on the south side of Chicago and was graduated from Harvard College in 1927 with a B.A. degree.

Immediately thereafter he joined Sears, Roebuck & Co. as a trainee. He spent several years in Sears' retail stores as well as 1 year learning manufacturing in a Sears factory. In 1932 he became buyer of refrigerators for the company and in 1933 was given the additional responsibility as buyer of washing machines. He held these positions until 1937 when he was made assistant to the general merchandise manager. In 1939 he became assistant on buying to the vice president in charge of merchandising. He held this position until 1952 when he became vice president in charge of merchandising. He was elected a director of the company in 1948. Mr. Gudeman resigned his position as vice president in October of 1959 but remained on the board of directors.

In December 1959 he became consultant to and a director of the Brunswick Corp., a sports equipment concern. Then in early spring of 1960 he became a partner of Lehman Bros., the investment banking firm.

In addition to being a director of Sears, Roebuck & Co. and Brunswick Corp., Mr. Gudeman was a director of the Schnadig Corp., a furniture manufacturing company; Globe-Union, Inc., an automobile battery manufacturing concern; and One William Street, an investment fund.

He was also a director of the Lyric Opera Co. of Chicago, Michael Reese Hospital, and a member of the Village Council of Winnetka, a suburb of Chicago in which he resided.

Mr. Gudeman has resigned from all his commercial and community affiliations and activities.

In 1932 Mr. Gudeman married Frances Alschuler. They have two sons, age 24 and 21. The elder son, Jon, is in the Graduate School of Social Relations at Harvard, having graduated from the college 3 years ago. The younger son, Stephen, is a senior at Harvard College.

STATEMENT OF EDWARD GUDEMAN, NOMINATED TO BE UNDER SECRETARY OF COMMERCE

The CHAIRMAN. First, we know you have not been in the Department very long, although you have been quite busy since you have been there.

What is your general concept of the job of Under Secretary of Commerce, as provided by law, and your own conception?

Mr. GUDEMAN. I think, Senator, I would put it this way: I think it is twofold.

I think, one, is to help the Secretary administer the Department, and, two, to work with the Assistant Secretaries and their staffs to help them in their particular fields, in the fields of domestic affairs, international commerce, and transportation, primarily.

The CHAIRMAN. And the law, of course, sets out certain duties. Of course, in case of the absence of the Secretary you become Acting Secretary, and then the law also provides that you shall serve as the principal deputy of the Secretary in all matters affecting the Department of Commerce and shall exercise general supervision over several bureaus and offices.

In addition, you would perform such other duties as the Secretary of Commerce may assign.

Now, I read someplace in the paper in the last 2 days that there is a plan afoot in the Department of Commerce to join together two broad divisions, one, under the Assistant Secretary for Domestic Affairs, and the other under the Assistant Secretary for International Affairs. One has the responsibility for foreign trade, exports and imports; the other is responsible for domestic business or economy, and that often an import or an export may have some effect upon a manufacturer or a producer here and that is where the conflict arose.

Have you anything you can enlarge upon as far as that proposal is concerned?

Mr. GUDEMAN. Well, I think you have outlined it very well. Each one of the Assistant Secretaries will have the responsibility for his division and that is not being given up.

On the other hand, both will work closer together and the Secretary and myself will help coordinate that.

So that what we will do is take into consideration in each circumstance both the domestic and the international situation.

The CHAIRMAN. In other words you are hoping to achieve that any policy regarding, say, foreign trade that might affect our domestic economy, that the right hand ought to know what the left hand is doing?

Mr. GUDEMAN. Yes, sir; that is right.

The CHAIRMAN. Because sometimes there would be a natural conflict, it could not be helped?

Mr. GUDEMAN. That is right, sir.

The CHAIRMAN. Now, there has also been a suggestion in the press either recently by the President for the Secretary, or both—I suppose to carry this policy out, that the Assistant Secretaries will be a little more "free-wheeling"—I think that is the term used—and it was in quotes—and not frozen alone to the particular division that they are technically the head of.

Would that be a correct statement?

Mr. GUDEMAN. That is correct, sir.

The CHAIRMAN. You have had a long and vast experience in business. You will also have under you as Under Secretary, the Patent Office, the Weather Bureau—I wish you could have talked to him earlier this morning—

Mr. GUDEMAN. The last few days?

The CHAIRMAN. Then, the matters of the Business Census, things of that kind—it is a long list—this is a very big department of our Government.

Would it be fair to say that you have not yet had the opportunity to examine the operation or the administration of those bureaus?

Mr. GUDEMAN. That is right; there has not been an opportunity yet.

The CHAIRMAN. You state in your biography that you have resigned from all your commercial and community affiliations and activities?

Mr. GUDEMAN. Yes, sir.

The CHAIRMAN. I suspect that you resigned from your community affiliations, which are very laudable, because of the fact you won't be able to be present and do the kind of job you would like to do for them?

Mr. GUDEMAN. That is the only reason.

The CHAIRMAN. In regard to your commercial activities, have you any interests, stocks or bonds, or investments that in your best judgment would be in conflict with this job if you are confirmed?

Mr. GUDEMAN. No, sir; I have not.

The CHAIRMAN. This committee has always asked those whom we confirm or have the responsibility of confirmation to submit for the committee a list of their holdings and investments.

Mr. GUDEMAN. I will be glad to do so.

The CHAIRMAN. The Secretary has already done so, and we will keep this on file.

Mr. GUDEMAN. All right, sir.

The CHAIRMAN. Now I want to ask the committee members if they have any questions.

The Senator from Kansas?

Senator SCHOEPEL. Mr. Gudeman, I note that you have been connected with Sears, Roebuck for a number of years; I assume you know and have worked with Jim Worthy.

Might I just ask you generally, have you two gentlemen in your business relations and with the company or otherwise held similar views? That is completely outside of political views, I take it?

Mr. GUDEMAN. Yes, I would say that our thinking is very much alike. I have worked with Jim Worthy for years and years. He was an officer of Sears at the same time I was. We live in the same village and we became very good friends.

Senator SCHOEPEL. I assumed that and Jim Worthy, as you know, was connected with the Department up here, rendered a fine service and certainly I can say as one member of this committee he was very, very cooperative in all matters that we took up with him at various and sundry times and I was sure that you two gentlemen, working for that fine organization, worldwide in certain respects, had some of the same and similar views.

Mr. GUDEMAN. That is nice of you to say that; I will write him.

Senator SCHOEPEL. Have you in your relations with any of these concerns of which you are a member, or have participated in, especially Sears, Roebuck, have had to deal intimately with foreign trade or foreign commerce?

Mr. GUDEMAN. Yes; through Sears, Roebuck ownership of stores in South and Central America, and I had to do with those in my capacity as vice president of Sears.

Senator SCHOEPEL. Of course, you are aware that there is a feeling on the part of many domestic businesses that the competitive side of the picture is growing sharper all the way down the line and the disparity between wages in some of these foreign countries and in our own Nation presents a pretty serious question. I am sure that you have not had the opportunity as far as this Department is concerned, to get on top of that, and its relationship to what should or should not be done, but will you give that some serious consideration?

Mr. GUDEMAN. Yes, sir.

Senator SCHOEPEL. I have no further questions.

The CHAIRMAN. The Senator from Rhode Island?

Senator PASTORE. Of course, we are developing the habit that every opportunity we get, we beat this issue of imports and exports.

I am one of those who feel seriously it is one of the most challenging issues facing this Congress and this Administration, and the trouble with us is that we always swing too much to one side or the other before we begin to do anything about it.

Now, there is quite a considerable wave prevalent throughout the country of this philosophy of buy-America, and that is justified on the score that many of our domestic industries have been hurt by these imports and I think myself that we have handled it rather badly in this country, we have waited too long before we began to do anything at all about it.

Now, are you concerned at all with this great problem of imports and exports?

Mr. GUDEMAN. I think this is one of the major problems that faces the Commerce Department.

Senator PASTORE. Could you give us—I don't expect you to elaborate upon this in detail—but concisely, could you give us your idea of what you think the trouble is?

Now, you have been in the merchandising business; you have been importing from foreign countries, have you not, at Sears, Roebuck?

Mr. GUDEMAN. Foreign countries?

Senator PASTORE. Yes, foreign countries, and you have been selling domestic articles as well?

Mr. GUDEMAN. Yes.

Senator PASTORE. In your humble opinion, I mean, what direction are we going in this whole field?

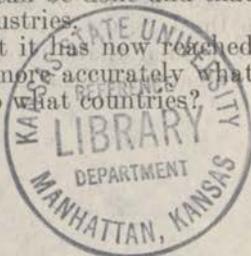
Mr. GUDEMAN. Of course, I don't think I can answer the whole question.

First, my knowledge is not that broad; secondly, there is not time.

On the other hand, there are several fields that I have been associated with at Sears where domestically, through improvement of machinery and equipment, through working closely with labor, the foreign competition has been met, and I believe that we in the Commerce Department should foster that where it can be done and that is on a selective basis, working with various industries.

Senator PASTORE. Don't you think, too, that it has now reached the point where we have to know statistically more accurately what we buy from what countries and what we sell to what countries?

Mr. GUDEMAN. Yes, sir; I do.



Senator PASTORE. I am glad to see that an integral part of your background was the fact that you were general merchandising manager, because it strikes me if we are going to export more we need a better element of salesmanship and I would hope you would give that some thought. In the past I am afraid that much of the commerce work in many of our embassies was being done by personnel of the State Department who were more interested in the political questions involved. I would hope that you would give that some attention because I think the time has come when those representatives of the economies of this country, vis-a-vis with the economies of foreign countries, should be representatives of the Commerce Department and not the State Department?

Mr. GUDEMAN. Senator, we agree with you. I agree with you, and the Secretary and I have already discussed that in the few opportunities we have had so far.

Senator PASTORE. You have a very imposing background and I expect that you will do a good job.

Now, the last question, how do you actually pronounce your name?

Mr. GUDEMAN. Gudeman.

Senator PASTORE. Thank you.

The Chairman. The Senator from Kentucky?

Senator MORTON. Welcome aboard, Mr. Gudeman—Yale passes.

Mr. GUDEMAN. Usually when they pass they make touchdowns.

The CHAIRMAN. The Senator from California?

Senator ENGLE. No questions; thank you very much.

The CHAIRMAN. We heard the other night that this is the only Cabinet in all history that can play Yale. [Laughter.]

The Senator from Wyoming?

Senator McGEE. I have only one light question and yet its lightness has a serious origin, Mr. Gudeman.

For some time I have been running a little private crusade in some of our oversea propaganda endeavors or psychological endeavors, however you wish to represent them, and I have said on many occasions that I think one of the secret weapons we have been neglecting is that of dropping Sears, Roebuck catalogs on every street corner in Moscow, for example, and very seriously, I think we have something we are missing. We should see to it that there is a Sears, Roebuck catalog in every American Information Center in these various capitals around the world. I trust you would not consider it a conflict of interest to go back to Sears, Roebuck and encourage the carrying out of such if we were to adopt the policy position on that question?

Mr. GUDEMAN. I don't think that would be a conflict of interest, and for your information, at the Moscow Fair we sent, I think it was close to a hundred thousand catalogs which were distributed in Russia.

One of our manufacturers had an exhibit there, and we placed these catalogs surreptitiously, so to speak, in that exhibit.

Likewise, at the fair in Brussels 2 years ago, there was one section in the U.S. exhibit where our catalogs were placed and they became so popular that they had to be chained down.

Senator McGEE. I can believe that.

We had a tendency toward a slick magazine in order to sell other peoples on our things over here. I think this is the slickest magazine of the lot.

That is all, Mr. Chairman.

The CHAIRMAN. Let the record show that the senior Senator from Illinois, Mr. Douglas, sends his approval of Mr. Gudeman's nomination and Senator Dirksen also sends his approval.

Now, there are two or three other questions.

First, we started, oh, about 18 months ago, on this question of balance of payments deficits and we have had a staff working for that period of time. They have submitted a preliminary report to the chairman which in turn has been submitted to the President and the Secretary. We will have the final report ready and, of course, we recommend it to the Commerce Department because it deals with many of the matters you talk about.

One of the things we found early was that one of the biggest reasons for a balance of payments deficit was the fact that Americans spent overseas, in foreign travel, vast sums, which is fine, but that we had done little or nothing to encourage foreign visitors to come to the United States.

The committee unanimously passed a bill after hearings late in the last session, and it passed the Senate unanimously, but got sort of pigeonholed in the House; mainly because of the time element involved.

Now, we expect to bring it up again, maybe within the next 2 or 3 weeks, and get going on it. We will have to ask the Department, of course, for their views on the matter and so we are hopeful that you will agree with the committee that something needs to be done in this field.

Maybe the specifics might be a little different, but we do have to get going, and that would come under the Department of Commerce.

One thing I want to ask your opinion about, one thing we found early, too, was that the American who tried to compete overseas with, say, Russia, as an example—or Belgium or France, or even Great Britain—say in South America, found that he had no credit system to take care of him, whereas all the other countries did.

They would go as long as 180 days credit, and that gave the other countries a distinct advantage. The Export-Import Bank finally agreed to, in a mild way, extend some credits, even when there were political risks, and I am hopeful that you will look into that again.

There will be some new members on the Export-Import Bank. The Department of Commerce originally recommended through this committee, and we should see if we can't work out a system within the authority of the Export-Import Bank to give our people the same advantage.

This is very important.

Mr. GUDEMAN. We agree with you thoroughly, Senator, and we have already started working on that and as soon as Mr. Burnstan gets down here, we expect to go into that fully.

We agree with you in principle, definitely.

The CHAIRMAN. And then in this field there has been a little beefing up of what we call trade missions throughout the world and I understand, in talking informally to you and the Secretary, that you feel

that we should continue these trade missions if and where we think they are doing some good?

Mr. GUDEMAN. Yes, sir, we do; and make them even more effective.

The CHAIRMAN. One more question.

In July of last year the Senate passed a resolution, 338, and I will read it to you:

That it is the sense of the Senate that individuals appointed to administrative and policymaking posts should be willing to serve for a period long enough to permit them to contribute effectively in their assigned tasks, and that it is the sense of the Senate that nominees appearing before its committees shall indicate their willingness to serve so long as the President desires.

Would you care to comment on that?

Mr. GUDEMAN. I expect to do just that; that is why I am here.

The CHAIRMAN. Any further questions?

(No response.)

The CHAIRMAN. Thank you very much.

Mr. GUDEMAN. Thank you.

Nomination of Rowland Burnstan To Be Assistant Secretary of Commerce

The CHAIRMAN. Now we have Mr. Burnstan to be Assistant Secretary of Commerce for International Affairs.

This matter, Mr. Burnstan, of course involves some of the questions we asked Mr. Gudeman. So that we won't belabor the point—you heard the questions, and heard the answers—are you in substantial agreement with what he had to say?

STATEMENT OF ROWLAND BURNSTAN, NOMINEE TO BE ASSISTANT SECRETARY OF COMMERCE FOR INTERNATIONAL AFFAIRS

Mr. BURNSTAN. Yes, sir; I am.

The CHAIRMAN. Because directly you will have the responsibility of administration for some of these things down in the Department.

I will put your biography in the record in full.

Mr. Burnstan was born in Scranton and attended schools in Pennsylvania, and did some commercial work in South America; attended graduate school at Columbia; was a lecturing fellow at the University of Heidelberg and engaged in research in commercial geography in Tunis and Algeria.

He was associated with the firm of James O. McKinsey & Co. He was a lecturer in economics at the University of Chicago for 4 years and went to Carlton College in Minnesota as Professor of Economics and became chairman of the department in 1941. In the same year he was engaged in the organization of the Aeronautical Division of the Minneapolis-Honeywell Co. and remained there for awhile as its first director.

He became president of the Lawrence Aeronautical Co. in 1943, a position he held until 1950, and was also president of the Indian Motorcycle Co., which was an allied industry with Lawrence Aeronautical.

He resided in France from 1950 to 1954 as director of the European operations of the Pepsi-Cola Corp. and managing director of Pepsi de France.

In the fall of 1954 he became president of the Borg Warner International Corp., a director of many of its foreign subsidiaries. He has been decorated by the French and Spanish Governments; member of the board of directors of the Institute of International Education and chairman of its Chicago Regional Advisory Committee. He is vice president of the American Management Association.

He married, in 1929, Miss Naomi Sloan of Evanston, Ill., and they have two children, Rowland, junior, a resident of New York, and Alex Sloan, who is employed in Switzerland.

He is a fellow of the Royal Economic Society and several other international societies, an associate fellow of the Institute of Aeronautical Sciences and the Royal Aeronautical Society. He is a mem-

ber of Phi Gamma Delta and the University Club in Chicago and New York.

We will put this in the record in full.

(The biography follows:)

BIOGRAPHY OF ROWLAND BURNSTAN—DESIGNATED BY PRESIDENT KENNEDY TO BE ASSISTANT SECRETARY OF COMMERCE FOR INTERNATIONAL AFFAIRS

Rowland Burnstan was born November 9, 1901, in Scranton, Pa. He attended the local public schools and Bellefonte Academy at Bellefonte, Pa. He was graduated with a B.S. degree from Lafayette College, Easton, Pa., in the class of 1925, and received the degree of master of arts in 1926.

After 2 years of commercial work in South America, he entered the graduate school of Columbia University and received the degree of Ph. D. in economics in 1929. He was a lecturing fellow at the University of Heidelberg in Germany in 1930 to 1932. During the interim period between academic sessions, he was engaged in research in commercial geography in Tunis and Algeria.

From 1932 to 1935 he was associated with the firm of James O. McKinsey & Co. He was a lecturer in economics at the University of Chicago from 1933 until 1937 when he went to Carlton College, Northfield, Minn., as professor of economics and became chairman of the department in 1941. That same year he was engaged in the organization of the Aeronautical Division of the Minneapolis-Honeywell Co. and remained there until 1943 as its first director.

He became president of the Lawrence Aeronautical Co. in 1943, a position that he held until 1950. During this time he was also president of the Indian Motorcycle Co., which was an allied industry with Lawrence Aeronautical.

He resided in France from 1950 to 1954 as director of European operations of the Pepsi Cola Corp. and managing director of Pepsi de France.

In the fall of 1954 he became president of the Borg Warner International Corp. and a director of its many foreign subsidiaries and associate companies. He has been decorated by both the French and the Spanish Governments for activities which bore upon the interests of those two countries.

At the present time he is a member of the board of directors of the Institute of International Education and chairman of its Chicago Regional Advisory Committee. He is vice president of the American Management Association and is the officer in charge of the International Management Division.

Mr. Burnstan was married in 1929 to Miss Naomi Sloan of Evanston, Ill., and they have two children, Rowland, junior, a resident of Dobbs Ferry, N.Y., and Alex Sloan who is employed in Switzerland, and a resident of Geneva.

He is a fellow of the Royal Economic Society; a member of the American Economic Association; the Academy of Political Science; and the A.A.A.S. He is an associate fellow of the Institute of Aeronautical Sciences and of the Royal Aeronautical Society, and a member of the National Foreign Trade Council. He is a member of Phi Gamma Delta, the University Clubs in both Chicago and New York, and is a Congregationalist and a Mason.

The CHAIRMAN. We will ask the same question of you, Mr. Burnstan, as we have of the other members.

Do you have any commercial interests, stocks, bonds, or investments that you think would be in conflict, after examining the matter, with this job to which you are to be confirmed?

Mr. BURNSTAN. I believe I have nothing that would be in conflict.

The CHAIRMAN. And we would ask you if you would also file with the committee a list, not in too great detail, but a list of the investments that you have for the record.

Mr. BURNSTAN. Yes, sir.

The CHAIRMAN. This particular job, I think your principal responsibility is to advise the Secretary on all international aspects of the Department's responsibility concerning industry, trade, and related economic activities in the international field, and to also consult with the Under Secretary for Transportation, and the Assistant Secretary for Domestic Affairs on matters of common interest in these fields.

Now, this is the question we asked Mr. Gudeman: Is it your intention down in the Department to see if you can't correlate these two activities to a greater extent than they have been correlated?

Mr. BURNSTAN. This was our understanding at my first conference with the Secretary. It was Secretary Hodges' feeling that these had not been coordinated as closely as they might have been in previous years and he asked us all to have a greater joint effort than had been done before, even though each of us, of course, would have our own specific responsibility.

The CHAIRMAN. Because if the International Division goes off this way and the Domestic Affairs Division goes off this way where there is an economic conflict, neither purpose is served, and there has to be that coordination.

Mr. BURNSTAN. Yes, sir.

The CHAIRMAN. Now, both Senators from Illinois have approved Mr. Burnstan's nomination, and you heard me read the Senate resolution; do you have any comment on that?

Mr. BURNSTAN. No, sir, I agree with it.

The CHAIRMAN. If any members of the committee have some questions; the Senator from Kansas?

Senator SCHOEPEL. I would like to ask Mr. Burnstan a few questions here.

I note that you have had 2 years of commercial work in South America?

Mr. BURNSTAN. Yes, sir.

Senator SCHOEPEL. What was the nature of that, might I inquire, please?

Mr. BURNSTAN. Well, this was——

Senator SCHOEPEL. Was that in the selling and development of markets or what?

Mr. BURNSTAN. It was. The thing you referred to specifically was many years ago, about 30 years ago, and it was specifically selling at that time, but subsequent to that time I have been responsible for operations in both Brazil and Argentina, particularly, where my company had a wholly owned subsidiary in Brazil and a minority interest in some operating companies in Argentina. This has gone on for the last 5 or 6 years.

Senator SCHOEPEL. Mr. Burnstan, then, I am sure you are aware of the great difficulty that our domestic exporting companies encounter in the South American area, for example in the matter of credit. Frequently they find their competitors are subsidized by their own governments and we are at times completely stymied by the lack of reasonable credit facilities and that has hurt us in our sales of goods in the South American area.

Do you have any ideas along that line that you might indicate that you would look into? I think that is important that our people who are interested in exports can meet competition on extension of credit.

Mr. BURNSTAN. I agree, Senator, that this is a very serious problem and I know of many specific instances where American firms have lost business because they could not extend credit facilities comparable to those that foreign firms could, with the cooperation of their government.

We have looked into this to some extent. We had a lengthy seminar on this about a month ago in the management association

and many of our people were there as well as representatives from industry.

We also had the director of the British export plan there who explained in detail what was being done in Britain.

I think the whole international business community is very conscious of this and that they are most anxious to see some action taken to at least put us on a par with our foreign competitors.

Senator SCHOEPEL. And that is going to entail a cooperative effort on the part of many companies in our country and also a reasonable, sympathetic approach by our Government; do you agree with me on that?

Mr. BURNSTAN. I agree, I agree absolutely.

Senator SCHOEPEL. Now, Mr. Burnstan, I note that a Scripps-Howard writer had a story yesterday saying that you were named as an Assistant Secretary of Commerce, but that your title would not designate whether you were responsible for domestic or international affairs.

I note that your biographical statement says that you are to be the Assistant Secretary for International Affairs.

Could you tell us exactly what your assignment is?

Mr. BURNSTAN. Well, this was an unfortunate mixup in the news release and I believe the Secretary has corrected this as to my responsibilities.

I am responsible for advising the Secretary and Under Secretary and my other colleagues on matters pertaining to international trade, international finance, and all of the collateral problems that are encountered in these fields.

We have the administration of various programs designed to increase our trades and these include some that have already been mentioned here, such as the trade fairs and the various missions.

We have discussed informally the possibility of stepping up our travel activity here in the United States, once again, comparable to what most of the European nations do where most of our travel expenditures are made, and we have a feeling that there are several fields of this type where good progress can be made, and all of this, of course, will contribute to the problem of balancing our international payments.

Senator SCHOEPEL. One final question, and I hope it is not the \$64 question, but it is providing some concern all over our Nation.

I note that you have had considerable experience abroad in the management of foreign subsidiaries of a number of United States companies.

From your experience and your observation, do you think or feel that there is danger that we are exporting our capital and know-how and in the process producing unemployment in our own country?

Mr. BURNSTAN. No; this is a very complicated question and I hate to answer it in a few words, but such studies as we have made, and by "we" I mean not only my company but many companies who are interested in it, I hope to be able to show you in a short period of time that I think this is not the case.

I don't believe that it has contributed to unemployment. I think that actually in strengthening some of these foreign economies we have built up better customers and increased the tempo of international trade rather than cut it down, and it is my feeling that every

time you increase the tempo you employ more people rather than less on both sides of the market.

Senator SCHOEPEL. Well, that is an interesting approach. There are men on this committee, who are vitally interested in the textile industry and in some of the related industries, who have been hearing from men of great responsibility and experience that they are constantly losing their markets to some of the foreign areas by reason of the disparity in wages and because of the conditions under which they compete in various countries. It is causing, rightfully or wrongfully, whether they understand it or not, some great degree of concern that is reflected to us as Members of the Congress, and I assure you such concern is felt even in my midwestern section, which isn't as highly industrialized as other sections of this country.

I am getting complaints from many, many sources and they have been pyramiding and pyramiding in the last 2 or 3 years. I shall certainly look forward to the study that you have referred to and to your position on it after you have analyzed it, in view of your experience and background.

Mr. BURNSTAN. Well, Senator, I think in specific instances what you say is quite correct. I wouldn't deny for a moment that some industries have been badly hit. I was speaking in general terms, but if we get to the specific I am sure that this is going to take some careful study to see that these industries are not harmed.

Senator SCHOEPEL. Thank you.

The CHAIRMAN. For instance, in the Department, although it is maintained specifically as an agency by law somewhat independently, you do their housekeeping; a specific instance is shipbuilding. We have now dropped to be the 12th in the world in shipbuilding, and many of our American operators have gone to other countries to build ships. Now, this is a matter where we get to specifics, that is something we have to look at specifically. There may be many cases, I suspect, where the policy of closing the door to imports may not help the overall, but we might say, let's see what we can sell into this country so that both sides are in better shape.

Mr. BURNSTAN. Yes, sir.

The CHAIRMAN. And I think that can be done in many, many cases, but there are some specifics that we have got to take care of.

Now, I want to say this, I have said it many times before, I don't ask you to agree with me, but the Tariff Commission has been useless. I mean, it locks the barn door after the horse is gone. Eighteen months is about the average time for a case down there and I would suggest that the Department of Commerce, in advising the President of these matters, take some more expeditious action once in awhile where the case itself, the specific, the facts are very clear. The Department of Commerce should be merely advisory, but when you get their advice it is often too late. They have the most cumbersome procedure, I don't know how many committee members agree with me, of any agency in the Government. I am hopeful in putting these things together that both your division and whoever will be the Assistant Secretary for Domestic Affairs can help this situation. Sometimes this is caused by Government procedures rather than the economic situation. They are cumbersome, slow procedures.

The Senator from Rhode Island?

Senator PASTORE. It is my confirmed opinion, sir, that I think you are going to have one of the most responsible positions in the whole administration because, as I understand it, you will not only represent the Department of Commerce on the Advisory Council but you will also be the chairman on export policy. I was very much interested in what you had to say with the development of this tempo, but don't you think that this development of the tempo insofar as exports are concerned, has to be measured vis-a-vis with the development of the tempo insofar as imports are concerned?

Mr. BURNSTAN. Oh, yes; definitely.

Senator PASTORE. And will you admit that in past years—now, when I say past years I mean in the last 3 or 4 years—the rise in our imports has been much greater than the rise in our exports?

Mr. BURNSTAN. I am not quite sure of that, Senator. I can't really answer it with full knowledge.

Senator PASTORE. Well, we conducted an investigation in this committee and we find now that our imports have caught up with our exports in dollars and if not so, pretty close to it, and one time we used to export between \$18 to \$20 billion and import about \$12 billion and now they have caught up with one another; it is in the area between \$14 and \$15 billion.

Now, I think myself that that requires very, very close attention. Would you be reluctant to recommend quotas where you thought that irreparable harm was being done to a domestic industry?

Mr. BURNSTAN. No; not if I thought there was a specific situation of the type you describe. I think this might be the only method that we could employ.

Senator PASTORE. Have you any ideas in what is going to be done for the small businessman or the small operator in the United States who can't go through the expense of going before the Tariff Commission? Do you think that the Commerce Department should concern itself with developing the data that might be necessary to protect that industry?

Mr. BURNSTAN. Well, I think that that data is developed but whether it is in the form that the small operator can employ I am not prepared to say.

Senator PASTORE. Well, the whole tendency in this country is towards bigness. Now, I have no objection toward bigness but you find sometimes that the operator of a small mill in Rhode Island, who has a very, very serious complaint to make, the only way that he can protect himself is to go before the Tariff Commission to invoke the escape clause provisions of the law. Well now, that is a costly procedure and I think the time has come when an individual of that kind ought to be placed in the position that he can go elsewhere in the Government and get some kind of relief without going through this tremendous expense that, let's say the United States Steel Co. can afford to go through.

I think some thought ought to be given toward that. What is your idea of that?

Mr. BURNSTAN. I think that sounds very reasonable, I don't believe we should neglect these people just because of their economic position that doesn't permit them to take advantage of the institutions that are in existence.

Senator PASTORE. Well, I think that you are going to occupy one of the most responsible positions in this administration within the

next 3 or 4 years because, I repeat again, I think this international trade is a very, very serious problem. We have to develop more exports, we all recognize that. We have to watch very closely this import situation as to what effect it has on American jobs; I think we ought to obviate this new trend that has taken place in the Government.

° I heard the other day, and this is only a rumor, that a responsible official in the Garment Workers of America is going to take the position very shortly that he will not cut Japanese cloth to make American clothes unless something is done. I don't think we ought to wait until we get to these extremes because internationally I think that that would cause us a tremendous amount of damage politically, and I think we ought to meet these conditions before we get into extreme positions.

Do you agree with that?

Mr. BURNSTAN. Yes, sir; I do.

The CHAIRMAN. And you will find many specifics that you are going to have to meet. Our tuna fleet is practically dead because of imports of fresh and frozen tuna from Japan. This is a situation, it is not good for Japan; it is not good for us.

The boats might rot before they get down to it at the Tariff Commission. Plywood is another, but these are the specifics we are talking about that you have got to correlate some way. I hope the spirit in which you gentlemen have talked today will prevail to that end.

As the Senator from Rhode Island said we have to look at the overall, too. There are many places where we can compete in the world if we want to that we have not yet explored.

The Senator from New Hampshire? Any questions?

Senator COTTON. I simply would like to say to Mr. Burnstan what I said to the Secretary of Commerce the other day when he was up before this committee, and I said then as I say now, that the only reason I am interpolating this remark is because I think perhaps it comes from this side of the committee with better grace than it would from the majority side at this point.

I am one of the Senators who, because of the situation in my own State and because of the situation in the country, feels very, very deeply about the matter of textiles, and I sat, under the able chairmanship of the Senator from Rhode Island, on the special subcommittee for a couple of years in which we went into this whole situation and made certain specific recommendations.

Among those recommendations was an interagency committee that would be a working, functioning committee.

The reason I say that these remarks perhaps come with better grace from this side of the aisle is because I think my friends on the other side in their moments of triumph may be too gracious to say this.

I felt as a Republican that we had a consistent runaround by the administration downtown despite the fact that I am a staunch supporter and admirer of President Eisenhower and his administration, but in this instance I was very much disgusted.

They gave us the interagency committee but they might just as well have given us a boy scout troop as far as it amounted to anything. I felt that it simply went through the motions and that there was no, I won't say no interest, but certainly that the predominant feeling about our overall international trade was so deep that they almost reached the point, and by they I mean whoever was determining the

economic policies in the Department of Commerce and in the administration and advising the President, that they almost went to the point, let almost any single industry here perish because we must not forget the overall industrial and political viewpoint.

I just want to say that I hope, I don't promise to change my politics if you do this, but I hope that in your work and the incoming administration that in the case of the textile industry as well as others we are going to get something more than pleasant looks and sweet commendation and a few gestures.

I think that the textile—I know, I don't think at all—I know that the textile industry is just gasping out its life, and to be sure, it requires study and I know that you are undertaking a new task and a very difficult one, but we have had studies and studies and studies and studies, and I simply want, as one member of the committee, while we have you up here, because we hope you will come frequently but you will have other things to do besides listen to our observations—I just wanted to take this opportunity to say to you as you enter this job that I hope you will give the textile industry a very, very earnest and serious consideration and that I sincerely hope that you will see your way clear in counseling the Secretary of Commerce and the President of the United States to get us action in it, paying due attention, of course, to our overall policies.

The CHAIRMAN. The Senator from Florida?

Senator SMATHERS. Mr. Chairman, first I wish to congratulate Mr. Burnstan on the statement that he is making and echo the sentiments that have been expressed that you are undertaking a very vital work and I am certain that you appreciate that fact.

I would like to ask you this question.

As the Assistant Secretary in charge of international affairs, will you have anything to do with the so-called bilateral agreements which will be made between the airlines—actually they are made between the countries, but for the airline industry of the United States, vis-a-vis, the airline industry of other countries?

Mr. BURNSTAN. I think, Senator, that would come more specifically under transportation but we would get into it on matters of international economic policy.

This is my understanding, although I have had no opportunity to examine it.

Senator SMATHERS. I would like in the event that you are interested, and I know that you will have some interest in it, I would like very much to direct your attention to the fact that over the past 8, 10, 12 years, that each of these bilaterals which has been worked out apparently has been worked out by the Federal Government contrary to the wishes, in most instances, of the domestic airline industry, and it has been demonstrated that it has been worked out contrary to their individual interests, with the result that we find the American aviation industry, when I say "American" I mean the U.S. aviation industry, is suffering intolerable competition by virtue of these agreements that have been worked out by their governments, supposedly for them. If you had a doctor treating you in the same manner as our Government has been treating our own airline industry in this particular field, why, you would not be alive very long and neither would I.

So I direct your attention to that as a very serious problem, and one which is growing worse and one which if something is not quickly

done to change, we will not have a major carrier in the foreign field able any longer to compete with these foreign airlines, each of which is subsidized by its own government.

So, I would ask you to take a look at that, please, sir.

The other question I would like to ask you is with respect to free trade zones.

What is your general view with respect to free trade zones?

Mr. BURNSTAN. Well, I have seen them operate, some effectively, some not very effectively. I have employed them in some instances in my own work, we have used the free zone at Antwerp to store such things as appliances for future sale in the European market, only paying our local charges but no taxes to the Government of Belgium because they were transshipped to another area.

We have used the one in Panama. Of course, they are quite a convenience to industry when you want to get your goods in an area for quick shipment in order to not have a tax or tariff imposed that makes it impossible to ship them there.

Senator SMATHERS. I know that you don't know which way I am going and consequently you don't know which way you want to go at the moment, I don't mean to say that impolitely, but let me say this: You would be of a disposition, where a community that was so geographically located could demonstrate that it would be desirable to have a free trade zone, that the industry in the area, the merchants in the area could provide for, you would be of a disposition, I presume, to approve of their application for the establishment of a free trade zone, where you thought it would generally improve the commerce and commercial intercourse between this country and other countries.

Mr. BURNSTAN. Yes, many of them are very advantageous to our own export activity.

I have seen abuses of this sort where they set one up some years ago in northern Chile which was only used as a point for smuggling over the mountains into Brazil and finally into Chile itself and it was abandoned, but by and large, I think they have been a useful interest on the part of exporters.

Senator SMATHERS. I, of course, would not want to see one set up that was used for the purpose of smuggling. I am certain you would do everything you could to avoid that.

Mr. BURNSTAN. I just wanted to point out this is not a——

Senator SMATHERS. I have more specific reference to one in Florida somewhere and if it could be established that commercially it was feasible I presume that you would give your wholehearted endorsement, having been convinced that it would be to the overall advantage of general industry and commerce in the United States.

Mr. BURNSTAN. Yes, sir; I certainly would.

The CHAIRMAN. The Senator from California?

Senator ENGLE. I would like to comment, Mr. Chairman, on the remarks made by Senator Pastore. That is, that the point in the escape clause procedure is for all practical purposes no remedy at all for a small businessman. Senator Pastore mentioned the expense. The problem is that the small businessman has to come in with a showing that the entire industry is injured by these imports; his own showing is important in that particular but he has to have the facilities to get a report on the whole industry and for all practical purposes, therefore, he doesn't have a practical remedy before any Government agency at the present time.

I am in hopes that you will give that your serious consideration to see if some way can't be worked out where the small businessman can bring his problems to the Federal Government without having to hire a staff that will require a very large organization and substantial financing. I am sure you will give that your attention.

I am very much impressed by your qualifications and I wish you good luck on this job.

Mr. BURNSTAN. Thank you, sir.

The CHAIRMAN. The Senator from Indiana?

Senator HARTKE. I want to congratulate the administration on their selection and want to welcome you here and I think that anyone who knows about you at all knows you don't come as a novice in this field, but with a broad experience and background which I think is wonderful for this particular spot.

I do think this, with regard to the textile industry, as I called the attention the other day of the members of the committee, that we from the Midwest would like for the rest of the Commerce Department to know that we are interested in textiles, but we have steel and other products; we just don't want you to become an exclusive Commerce Department for textiles.

Mr. Schoepfel asked a question concerning foreign trade and as I interpreted your answer, what you stated was that in the ultimate, if you develop new customers that this was the substance of your remark, the development of new customers overseas with our capital that it ended up in mutual advantage not alone for those people but for the United States. Is that what you said?

Mr. BURNSTAN. Yes, sir.

Senator HARTKE. You have been working also, haven't you, Mr. Burnstan, with other people in the industry as well as with the Secretary of Commerce, before he was appointed as Secretary of Commerce in trying to develop new lines of thought, particularly in relation to South America; isn't that right?

Mr. BURNSTAN. Yes, yes; we had an industry group that functioned at the request of then-Governor Hodges and we worked with an academic group on a report concerning the situation in South America. We contributed what we could on the specific economic side from our own experiences and the academic group went into the general economics of it and we came up with a combined report that we submitted to him.

Senator HARTKE. And this was done prior to the time that it was known that he was going to even become the Secretary of Commerce? I mean, I don't know whose brain child it was, but a lot of them say it was the brain child of the present Secretary of Commerce Hodges, to bring these people together, the industry and the academic?

Mr. BURNSTAN. That is correct. It was at his suggestion that we got together.

Senator HARTKE. And I would hope that this could continue and I am sure with your appointment now, and with Governor Hodges, that you will be able to utilize not alone this academic group but the industry group in an advisory capacity. Don't you feel that they would be willing to advise you?

Mr. BURNSTAN. The whole group were willing that I should make the sacrifices to come down here to work and they urged me to do so and agreed to continue to support us. I am sure that this—I was

very proud to be associated with this group and there are some outstanding people—I am sure they will work with us. They have indicated that they would.

Senator HARTKE. I suppose what you are smiling about, you don't want to be the scapegoat in case all those dreams fail to come true, is that what you are saying?

Mr. BURNSTAN. That is what was in the back of my mind.

Senator HARTKE. I want to congratulate you. I am very delighted to see you here and I know you will be a success in this project.

Mr. BURNSTAN. Thank you, sir.

The CHAIRMAN. The Senator from Wyoming?

Senator MCGEE. Mr. Burnstan, how much of the concern that we are all expressing here, and I add my concern because again our part of the world is disrupted rather severely from time to time on the import question in our wool-growing role, in some of our ores that we produce, and other activities. How much of our sudden decline in the international trading picture is due to our what, shall I say, our lack of competitive drive to try to hold these markets?

Mr. BURNSTAN. I am not sure, Senator, that I could give you a real quantitative answer on that. I know that the condition exists. Having been engaged in international work for many years I find that it is very often, even with my own colleagues, I have a hard time convincing them of the opportunities to sell abroad and of the necessary moves to create and expand markets overseas.

I think we have made good progress in industry in general in the last 8 or 10 years, a very marked progress compared to earlier periods, but I am sure that we still have before us a long educational job, not only to the opportunities but to help some of the smaller industries particularly to see how they can participate. Here again it is the same problem that was expressed of the small industry compared to the large. In my company we had good facilities for doing these things. I think it is just as possible for small businessmen to export if they only understood the techniques and realized the services that are available to them. They don't have to set up an expensive export department. There are agencies that will function for them on a reasonable fee basis, sometimes cheaper than even large companies can do it for themselves.

Senator MCGEE. The reason I raised that question, and I appreciate your response, is that I felt the tone of the questioning showing proper apprehension about the impact of these rising productive efforts overseas on our own markets overseas and on our domestic markets here at home might leave the picture pretty much suggesting that we were going to try to serve up on a silver platter a guaranteed market to our various economic endeavors in this country and I personally would think this might be not a favor to business but a real liability.

Since World War II, or particularly because of World War II, we have been in a very fortunate position. For awhile we didn't have to sell anything to the world, all we had to do was deliver it, everybody else was out of business, out of commission. And these new countries at least had one byproduct advantage of the bombings they had to endure, they got rid of a lot of old, obsolete equipment and conditions and are able to come in with the newest and the latest and the best

in some lines and for that reason we have been at a competitive disadvantage because we have refused in some areas to change as rapidly.

So I would hope that in the total picture as we keep a proper concern for our own productive endeavor and our own business groups that we likewise expect from business a sincere and a genuine drive to remain competitive in this and not to ask the Government to deliver it to you on some tied-up and readymade basis. That is the reason I am impressed with your approach into this new and rather fearsome, but I think exciting responsibility. With your academic background coupled with your practical business experience in this field I would hope that in the not too distant future we might come up with what some are calling an adjustment formula in this whole trade field which takes into account these many factors.

In the past we have depended on charity or we have depended on the application quickly of the quota system and I think that we have found that those are expedients but they are not cures, they are not sufficient correctives in the long pull and surely we can arrive at a formula that would take into account the changing marketing conditions, the changing competitive conditions, the national security interest, the dislocations economically here at home that require some help, rather than expect a single company or a single State or a single area to absorb that disaster whenever it arises, and that out of this will come a more forward-looking and rather direct procedural operation that will help us to build more strong trade relations and still strengthen our economy here at home.

Now, that may be the impossible job, but I think your background suggests a chance of going in that direction.

The CHAIRMAN. You want to suggest also that you professors could be a little practical about this, too, don't you?

Senator MCGEE. The professors of the kind that I know, Mr. Chairman, are always practical. We have some few impractical ones and we have some few impractical politicians, but no one holds them up as the epitome of those who have the responsibility and yet they should be tolerated.

The CHAIRMAN. The Senator from Alaska, do you have any questions?

Senator BARTLETT. No, unfortunately I don't, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Burnstan.

Nomination of Clarence Daniel Martin, Jr., To Be Under Secretary of Commerce for Transportation

STATEMENT OF CLARENCE DANIEL MARTIN, JR., NOMINATED TO BE UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION

The CHAIRMAN. The Under Secretary of Commerce for Transportation, Clarence Daniel Martin, Jr.

We will be glad to hear from him.

We will put Mr. Martin's biography in the record in full. I might say to the committee that Mr. Martin is from Harvard [laughter], but the chairman and my colleague, Senator Jackson, have known him for many, many years and he took graduate study at the University of Washington School of Law.

He comes from a very pioneer family in the State of Washington, his father having been Governor, Senator Schoepfel, for two terms, and has a distinguished war record; has been engaged in the wholesale hardware, raw materials business, and most recently in the retail automobile business and real estate business in southern California and Phoenix.

He was California State president for the Navy League, he has been very active in local affairs in the Boy Scouts in the area, and service clubs in his area in California.

Mr. Martin was married to Charlotte Mary Yeoman of Butte, Mont., and they have three children. They reside in California. We will place this in the record in full.

(The document follows:)

BIOGRAPHY OF CLARENCE DANIEL MARTIN, JR.—DESIGNATED BY PRESIDENT KENNEDY TO BE UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION

Clarence Daniel Martin, Jr., was born October 23, 1916, in Spokane, Wash. He attended the public schools of Cheney, Wash., and Culver summer schools, Culver, Ind. Following graduation from high school in 1934, he entered Harvard College and was graduated in 1938 with a B.S. degree. The next year he took graduate study at the University of Washington School of Law.

In 1939 he joined the family flour manufacturing business, F. M. Martin Grain & Milling Co., Inc., Cheney, Wash. As a graduate of the Harvard NROTC he was called to active duty in May 1941 and saw 5 years' active service in World War II with the U.S. Navy, rising from the rank of ensign to lieutenant commander as a naval aviator, a patrol plane commander on duty in the Air Force Atlantic Fleet, and commanding officer of the U.S. Naval Air Facility, Middle River, Md.

Upon release from active duty in 1946 Mr. Martin formed a partnership in Seattle, Wash., engaged in wholesale hardware and later a raw materials business. Since 1950 he has been substantially engaged in business in Los Angeles County, Calif., a retail automobile dealership at Santa Monica and real estate developments in Inglewood, Calif., Santa Monica, and Phoenix, Ariz. His father, the late Clarence D. Martin, was Governor of the State of Washington, 1933-41, and following his father's death in 1955, Mr. Martin assumed the management of the family corporation in Washington State, principally farming, real estate, and miscellaneous investments.

He was California State president for the Navy League of the United States; president of the Santa Monica Bay Council, Navy League of the United States;

executive board, Boy Scouts of America; president of the Bay Council; member, Rotary Club of Santa Monica.

In 1944 Mr. Martin married Charlotte Mary Yeoman of Butte, Mont., and they have three children, Diana, 7, Cary, 5, and Bradley, 4.

Senator ENGLE. Will the chairman yield?

The CHAIRMAN. Yes.

Senator ENGLE. We in California regard Dan Martin as a Californian, I want to make that very plain. He went to Harvard and he spent a great deal of time in Washington, and his father was Governor of Washington, but for the last 10 years he has been in California, I have known him a long time. I am a great admirer of his, and we are glad that he is a transplanted Washingtonian in California. He has made a significant success in business in our State and we are proud, indeed, that he has been nominated for this very fine office and I want to say that he has California's unqualified endorsement and support.

The CHAIRMAN. Well, you fellows in California stick together, I have a note here, Senator Kuchel's office advises that the Senator is in California but because the nominee comes from California there is no objection to him. [Laughter.]

Senator SMATHERS. Mr. Chairman, Mr. Martin, being a Harvard graduate and from California, it makes him a little suspect to us Floridians—of course, I am just kidding—I want to add my word of congratulation to the administration for having appointed a man of the obvious capacity to do good work and make wise decisions. It has not been my privilege to know him very long but I did get to know him recently and he was most effective in the job he undertook there.

I am satisfied that he will be a fine addition to this administration and will do great service to the country. I am happy to join with you in endorsing him.

Senator MCGEE. Will the chairman yield on that point?

The CHAIRMAN. Yes.

Senator MCGEE. I would like to observe in my brief tenure on the committee that this is the first instance that I have observed where the Senators on the committee have engaged in open contest claiming the citizenship of an applicant for a Federal office. I don't see how anything could offer a more promising prospect for the candidate's being well handled by the members of this committee.

When you come up with that three-legged qualification, Harvard, Washington, California, I say this is the ultimate. [Laughter.]

The Chairman. Well, my colleague from the State of Washington has something to say. It will be a four-legged stool now.

STATEMENT OF HON. HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator JACKSON. Mr. Chairman, just a little more support for the main leg of the three-legged State of Washington.

I want to associate myself with the remarks made here regarding Mr. Martin. I have known him for 25 years and he comes to this committee this morning, I think, with an excellent background to serve in the Government.

He has a long record of good business judgment. He has been most successful in business. He has the additional qualification which I think is so important and often misunderstood, namely, that business people do not automatically understand Government.

He has the unique qualification, Mr. Chairman, of having a good business background and also a background in government. He grew up in Government during the period that his father served as Governor of the State of Washington, during difficult times.

He had a chance to see at first hand the important responsibility borne by our State Governors; he has a knowledge of Federal Government and I think that this combination of a good business record and an understanding of Government, plus outstanding integrity, loyalty, and ability, augurs well in this position and I want to join my colleagues in endorsing him for this position.

I appreciate the kindness of the chairman in permitting me to make a statement this morning.

The CHAIRMAN. Thank you, Senator.

The authority for this position, Under Secretary of Commerce for Transportation, is quite varied and quite important.

I want to read it into the record. I think sometimes in the past we have not realized not only the very authority but the important authority that is vested in this particular Under Secretary.

It is as follows:

All the authority vested in and exercised by the heads of the Defense Air Transportation Administration, the Bureau of Public Roads, Civil Aeronautics Administration, Weather Bureau, Coast and Geodetic Survey, and Maritime Administration and the Federal Maritime Board, except for such regulatory or other functions specifically reserved to the Board under the law, are hereby made subject to the policy direction and coordination of the Under Secretary of Commerce for Transportation.

Now, Mr. Martin, this covers a wide field and with the exception of the Bureau of Public Roads and the Weather Bureau all of these bureaus and the agencies mentioned come under the jurisdiction of this particular committee, so that we, of course, are deeply interested in this job because it becomes a very sensitive one to us in that a great deal of the legislation that comes before this committee relating to these forms of transportation must be looked at as a matter of policy by you, and, of course, we look forward to recommendations of those who hold this position.

Now, I wanted to ask you if you have any preconceived ideas regarding the separation of the various modes of transportation as they now exist in our transportation system in this country, namely, we have a lot of legislation pending on this, there has been a separation in that except under certain circumstances the railroads don't run truck lines, the truck lines don't run steamship lines, or steamship lines don't run aviation lines, and I was wondering if you could state for the committee if you have any preconceived ideas regarding that very important question?

Mr. MARTIN. No, Senator Magnuson, I have a very, I hope, open mind on the subject. I have no preconceived notions whatsoever or wherever on any of the modes of transportation. The subject is extremely involved, it is very sensitive, and I would hope that with the aid and assistance of this committee and the studies that have been made on the subject that the policy of the Government could be made workable and that it could coordinate with all the activities.

The CHAIRMAN. The committee has also had a transportation study going on under the direction of the U.S. Senate, a report has recently been made, it is known commonly as the Doyle report.

The staff was headed by General Doyle and the committee wants to recommend, of course, that report for your study.

I am wondering if you have read the report or if you have any particular ideas regarding the recommendations made. It was a staff report to the committee and this committee has not passed on it as yet?

Mr. MARTIN. No, sir; I have not seen the full report, I have seen a summary which I examined briefly yesterday.

The report struck me as being extremely extensive in scope, I would suspect that a great deal of time and effort was taken in its preparation and certainly it would merit a good deal of time and study.

The CHAIRMAN. Would you have the same answer to give the committee regarding the so-called Landis report, which deals with the regulatory agencies, all of them, but more specifically with the transportation regulatory agencies?

Mr. MARTIN. I read the synopsis, Senator Magnuson, that was distributed on the Landis report. I read it three times.

It is quite involved, it is very technical, there is a lot of legalistic terminology that my memory of the law needs a lot of refreshment to digest properly.

I would say generally speaking that it would appear the report would generate a certain amount of controversy, I am not prepared at this time to take a stand one way or the other on the features of that report, I would certainly give it a lot of study and I would expect a lot of technical assistance in evaluating it.

Senator ENGLE. Mr. Chairman, will you yield there?

The CHAIRMAN. Yes.

Senator ENGLE. There is one other report; there is one by the Oversight Committee of the House Committee on Interstate and Foreign Commerce. In other words, we have three reports at the present time on this subject matter. We have the Doyle report, we have the Landis report, and we have the Oversight Committee report, and if you have any spare time, I suggest you just set aside a week or two and sit down and read them all, because they will keep you busy for quite a while, especially if you try to reconcile them. [Laughter.]

The CHAIRMAN. May I say, I wanted to ask Mr. Martin, also, we will add another report in this very complicated sensitive field of transportation, the so-called Weeks report made by the predecessor of Governor Hodges which was highly controversial, this committee got hold of it and as I recall, we turned it down.

Whether or not you are familiar with that one or have any preconceived ideas regarding those recommendations—

Senator SMATHERS. Mr. Chairman, would you yield right there?

The CHAIRMAN. Yes.

Senator SMATHERS. I would further like to suggest in the event he is not sleeping well at night, that you read what I think will be of great benefit, the Hoover Commission report, with respect to transportation. It is excellent and I think it would be of value to you.

Mr. MARTIN. Thank you, Senator Smathers.

Senator MCGEE. Would the chairman yield at that point?

The CHAIRMAN. Yes.

Senator MCGEE. I would hope we do not throw at the candidate any more reports to be read. I think we have a very fine prospect and I would hope we would not discourage him before we got him in the shop.

The CHAIRMAN. What the chairman was trying to say and what we were all trying to say in bringing this up, modes of transportation are highly competitive in the country. There are some of us who believe they should stay that way, some who probably do not, but that is a matter, too, for Congress, but that what we had hoped for in this position, which itself is highly sensitive, is someone who could take the office and be as objective as he could possibly be.

These reports in themselves are very controversial. They overlap, there are conflicts in some cases, and I did want to bring out to the committee that, knowing the nominee as well as I have for these many, many years, that his background would suggest that he could look at these reports and look at this highly sensitive field in about as objective a way as you can get someone to do.

Mr. Martin has no background of any direct association with, say, the railroads or the trucks or the inland waterways or aviation itself, except he was a naval aviator of some note during the war, and that is why I think his nomination is a very good one because of that reason.

Mr. MARTIN. Thank you, Senator.

The CHAIRMAN. The Senator from Florida is chairman of the Committee on Surface Transportation who has a lot to do with the problems we have in this field.

Senator SMATHERS. Mr. Chairman, I have nothing to ask Mr. Martin except I think I see on your list there the conflict of interest, I think as a matter of record we should ask you, I presume—if the chairman—

The CHAIRMAN. Go right ahead.

Senator SMATHERS. I think it would be well to ask you if you own any stocks or if you have any financial interest in any of the transportation industry or in any form that would in any way be interpreted as creating a conflict of interest?

Mr. MARTIN. No, Senator Smathers, I don't think I have any problem on the conflict. I had one transportation stock, it could be conceived as a transportation stock, in the General Motors Corp., and yesterday I sold all the stock that I held, which was not too substantial in any event.

The CHAIRMAN. Will you file for the committee a statement of investments and assets for our file such as the other nominees have?

Mr. MARTIN. Yes, sir.

Senator SMATHERS. I have no other questions, Mr. Chairman.

The CHAIRMAN. The Senator from Kansas who is also a member of this subcommittee that has had many, many problems in this field.

Senator SCHOEPEL. Mr. Martin, I don't want to discourage you but you will have the reading of a lot of reports in your field of activity and endeavor.

I was interested in what you had to say about the Landis report. Let me ask you this, sir.

I am sure you realize that some of these agencies covered by the Landis report are creatures of the Congress of the United States. Do you have any idea of putting them under any other branch of the Government, namely, the executive branch of the Government and taking them away from the legislative branch of the Government?

Mr. MARTIN. No, sir; I have not.

Senator SCHOEPEL. I note that you have had quite a varied business experience but do not claim to be an expert on transportation.

Mr. MARTIN. No; Senator Schoeppel, I don't claim any intimate knowledge nor expertise regarding the field of transportation or any particular facet of the field of transportation.

I think the job as I would interpret it is one of administration. I would hope to surround myself in this post with the most competent staff I could assemble who are experts in their lines and I would hope that with the assistance of this committee and the other committees of the Congress who touch on the transportation field that together with the administration we could come up with a workable, unified, coordinated transportation policy, transportation program.

Senator SCHOEPEL. You have no direct experience, then, I take it, or close proximity in any business way to what is known as the commuter problem.

You are openminded on that, are you not?

Mr. MARTIN. Yes, sir.

Senator SCHOEPEL. I want to ask you one other question—

The CHAIRMAN. I might point out to the committee, again it will probably end up with a report, but last year we agreed to look into this commuter problem and the committee agreed with Senator Case and Senator Williams and the others in the area, including the Governors, Rockefeller and Ribicoff, to look into this matter and we have a group of sort of experts in their field that are now at work. We expect to have a report on that soon.

They naturally started in the New York area where the problem is the most acute and we will have that ready.

Senator SCHOEPEL. I have had, and I know other members of the committee have had many letters alleging—that is not my language nor my position—but some of these people who write allege that the Interstate Commerce Commission is conniving with the railroads to take auto hauling business away from the legitimate, licensed trucking companies.

Some of the letters say that the railroads transport automobiles at rates below their true costs but that the savings are not passed on to the consumer.

Again, I don't know for sure where this idea originated but these letters are coming in.

I note that you have been an automobile dealer and I take it a very successful one.

Do you have anything you might want to say about that subject?

Mr. MARTIN. I can only say this: Sometimes we received automobiles by rail and other times by truck. I have never inquired or understood why the difference.

We have no control over it; we have nothing to say about the method of the transportation of the finished vehicles from the Detroit area to Los Angeles or from the assembly plant to our place of business. That is all handled by the supplier. It is not our area.

We just simply have the car laid down to us and go from there with it.

I have no particular thoughts on the matter one way or the other.

There are good features to both modes. In the Cadillac business, which I am in, we receive our cars generally by rail because they are assembled and built in Detroit, and the Oldsmobile line which I also handle, the cars are assembled in an assembly plant in Los Angeles, so, naturally, they are trucked to us.

Now, there have been cases, I know, of where cars, Cadillac cars, have been trucked out from Detroit, but I think it is probably due to the shortages of rail equipment at that particular time.

I don't really know for sure, Senator, what their policy on that is or what formulates it.

Senator SCHOEPEL. In addition, of course, deliveries by truck and by rail, there have been, as we all know, great quantities delivered by the water routes, too; correct?

Mr. MARTIN. Yes, sir.

Senator SCHOEPEL. Incidentally, what State do you claim as your voting residence at the present time, California?

Mr. MARTIN. The State of California; yes, sir.

Senator SCHOEPEL. I don't believe, Mr. Martin, I have any further questions. As the chairman has indicated here, I serve, and I am delighted to serve, under the fine Senator from Florida who is chairman of the Subcommittee on Surface Transportation. You are going to hear a lot from us and we expect to be in conference with you many times on some of these problems. We are going to have them on our doorstep in relation to the studies that have been made, the Doyle report, the reports made by your own committee, by your own great Department of Commerce, by the Hoover Commission, and committees over on the House side, and we probably won't be able to come up with answers on these questions that are going to satisfy everyone. But certainly it is a knotty problem to get into and we want the best background and the best openminded position that we can possibly take to further the great transportation industry of the country. In my judgment we need all modes of transportation, and the industry is a great arm of the national defense of our Nation, any way we look at it.

Mr. MARTIN. Thank you, Senator. I shall look forward to working with you.

The CHAIRMAN. The Senator from Texas.

Senator YARBOROUGH. Mr. Chairman, I wanted to commend Mr. Martin for his very fine record of active service in the Armed Forces for 5 years in World War II. I think the distinguished Senator from Wyoming, in naming these requisites for public office, forgot to mention Navy service. I know that the graduate of Harvard had a record second to the graduates of no other American university in World War II, but I never saw one of them in the Army ground forces and I see now they were all in the Navy. [Laughter.]

I want to congratulate him for this, being a combat Navy pilot and a wonderful 5-year record.

Mr. MARTIN. Thank you, Senator. I might add that I spent 1 year in the State of Texas at the Air Station at Corpus Christi.

Senator YARBOROUGH. I was wondering why he looked so well qualified, Mr. Chairman. [Laughter.]

Senator MCGEE. Mr. Chairman, I am compelled to ask for consideration again. Have you ever been to Yellowstone Park?

Mr. MARTIN. Yes, sir; I have, Senator.

Senator MCGEE. This is complete.

The CHAIRMAN. Now, the Senator from Alaska.

Senator BARTLET. Mr. Martin, have you ever had any experience in or do you have any special familiarity with the maritime industry?

Mr. MARTIN. No, sir; I don't think I have any what you would call

specialized experience in that field. I might have this, that as a younger man of 16 I went before the mast to the Orient on the *President Jackson* of the American Mail Line and I returned by the *President Taft*. That was a pretty good workout one summer.

Senator BARTLETT. What do you mean before the mast?

Mr. MARTIN. I was a cadet in the merchant marine.

Senator BARTLETT. I am sure that familiarity will be yours soon in any case in the position you are going to assume.

I have been troubled, Mr. Martin, as you have been advised to read one report after another. You are going to discover some of those are pretty voluminous. I should suggest to you that you might organize a committee or a commission or a task force or a group and have them read the reports and brief them for you and you could, of course, draw the position from any of the things. I don't think the first 4 years will give you enough time to read all of these reports. [Laughter.]

I want to say, Mr. Chairman, although I haven't had the benefit of knowing Mr. Martin for 25 years as has the junior Senator from Washington, I have known him for 2 or 3 years, and I want to join with my colleagues in expressing gratification and pleasure that Mr. Martin is going to assume this important position in the Department of Commerce and I am sure he is going to do a first-class job.

Mr. MARTIN. Thank you very much, Senator.

The CHAIRMAN. I might add this, though, Mr. Martin. I hate to keep reminding you of all these problems, but I think maybe about the only familiarity you would have would be by exposure to it for some time, is that one of the real problems of the new State of Alaska is a very knotty transportation problem, the question of rates, dual rates and other rates, which undoubtedly you will be hearing about from the two Senators from Alaska and also the Senators from Washington.

Senator BARTLETT. Have you been to Alaska?

Mr. MARTIN. I have been over it in the air, Senator. [Laughter.] I didn't sit down.

Senator BARTLETT. That isn't going to satisfy the merchant marine or the Surface Transportation Commission. You have to get up there otherwise.

Mr. MARTIN. I will look forward to that very soon, sir.

The CHAIRMAN. If there are no other questions—

Senator McGEE. Mr. Chairman, I merely wanted to associate myself with the Senator from Kansas on his inquiries and pursuit of this matter of the continuing problem that we have between the railroads and the truckers. In our State, in Wyoming, this is a very substantial matter. The railroads have been and are a very substantial part of our economic life. Truckers are very much so because we are on several transcontinental routes, and the present difficulties between these two groups in relation to auto transport may be ever more acute in a place like Cheyenne or Little America, which is something of a depot for truck transport, than in some of the more populous areas.

I have already discussed with the chairman of my Subcommittee on Surface Transportation, Mr. Smathers, and the chairman of the Committee, Senator Magnuson, the possibility of our getting out there on the spot and letting all sides have their say in this kind of question. I think it has to come to a head real soon. I agree with Senator

Schoeppel that we have room for all of them in here. We want to make sure that there is no unfair discrimination on the part of any one of them against the others in their legitimate areas of business, and in the city of Cheyenne and right now I have had petition after petition and people coming back here in person who happen to own rigs that have been unemployed, the use of these rigs, and parked in a tremendous area west of Cheyenne, several hundred of them, at the town of scarcely 30,000 people—I will say 40,000 for the benefit of the chamber of commerce.

The consequences are immediately felt all up and down Main Street in a far larger sphere and I am hoping that we can have a real close look at this very soon. After you have finished these other 19 reports, why, we will add this one to the list.

Mr. MARTIN. Senator McGee, the guiding principle would be the public interest and I am sure that will apply to the people of the great State of Wyoming. I will be delighted to go there with you any time you have any ideas on the subject.

Senator MCGEE. Thank you, Mr. Chairman.

The CHAIRMAN. If there are no further questions, thank you for coming and answering all of the questions of the committee. Many members were not here this morning but they have familiarized themselves with your background.

Now, inasmuch as we usually go into executive session on these matters to vote on nominations to the Department of Commerce—but inasmuch as we want to get these men down there on their jobs, I think the committee can act right now.

Senator YARBOROUGH. Mr. Chairman, could Mr. Burnstan stand up just a minute?

The CHAIRMAN. Yes; there he is right there.

Senator YARBOROUGH. I want to see one man in the executive branch that is as old as I am, Mr. Chairman. [Laughter.]

The CHAIRMAN. The clerk will call the roll on the nomination of Mr. Gudeman.

(The clerk called the roll and the vote was unanimous.)

The CHAIRMAN. Now, the clerk will call the roll on the nomination of Mr. Burnstan.

(The clerk called the roll and the vote was unanimous.)

The CHAIRMAN. Now the clerk will call the roll on the nomination of Mr. Clarence D. Martin, Jr.

(The clerk called the roll and the vote was unanimous.)

The CHAIRMAN. All right, all three nominations having been voted—we vote to recommend their nominations favorable to the Senate by the majority of the committee, we shall do so forthwith.

This is off the record.

(Discussion off the record.)

The CHAIRMAN. On the record.

We thank you all for coming.

The committee is adjourned.

(Thereupon, at 12:05 p.m., the committee was adjourned.)

... the fact that for all of their lives, the women of the world have been in a state of transition. They have been passing from one stage of development to another, and this process is still going on. The women of the world are not yet fully developed, and they are still in the process of becoming what they are to be. They are still in the process of becoming what they are to be. They are still in the process of becoming what they are to be.

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