

many people of Spanish-American origin in my own State—that the Spanish-American countries, and in fact the countries of the entire Western Hemisphere, are going to become of greater importance to us in the United States and in the world in general in the years to come.

Yesterday several of us had an opportunity to talk at length with the great Governor of Puerto Rico, Gov. Muñoz Marín who has done such an outstanding job in developing in a few years a country, which is like Cuba and many other Latin American countries, from a backward, poverty-stricken nation to a place where it is now able to purchase from the United States \$750 million worth of imports every year.

This is only one of the many significant things that can happen in the development of our South American, Latin American and, indeed, our entire Hemisphere relations. They have been neglected. We have taken them too much for granted.

It will be my purpose to support every move in Congress in the direction of strengthening our bonds of friendship, because, after all, no matter what State we come from, we have many ties of every nature with the people of Latin America, and we want to maintain and strengthen them.

ADMINISTERED PRICE INFLATION

Mr. KEFAUVER. Mr. President, the Subcommittee on Antitrust and Monopoly has completed 3 days of hearings on administered price inflation. The following is a summation of the testimony given to the committee.

In opening this session of hearings I stated that they had a twofold purpose: first, to obtain a more detailed appraisal of the nature of the current inflation, and second, to secure an outline of alternative public policies available to meet this important problem. The testimony of Dr. Nourse and Dr. Means, and particularly Dr. Means' charts, have most adequately met the first purpose. If there was doubt before in anyone's mind that the inflation of the last few years has been principally one of price increases in administered price industries, that doubt should now be completely dissipated by those charts.

This in turn has certain important implications for public policy, which were brought out by the witnesses during the hearings. The point was stressed repeatedly that fiscal and monetary policies, while able to act as a brake on a demand inflation, are not adequate to halt an administered price inflation. Indeed, it was argued that recourse to a tight money policy during an administered price inflation may be injurious to small business. Dr. Means stated that the tightening of the monetary policy by the Federal Reserve Board 2 years ago in an effort to combat the present inflation, resulted in the depression out of which we are climbing all too slowly. Similarly Dr. Nourse stated fiscal and monetary policies could halt the present type of inflation only by being applied

to such a degree as to bring about a severe depression.

However desirable a balanced budget is the point was made that the achievement of a balanced budget is not the full answer in halting this type of inflation. The reasoning was that the large firms in concentrated industries could and probably would continue to raise their price regardless of whether the budget was balanced or unbalanced. As to the achievement of a stable price level, which is one of the objectives set forth in the President's economic message, Dr. Nourse pointed out that there was no need to amend the Employment Act to attain this objective since, in his view, it was already implicit in the act, and that in any event the attainment of full employment should not be sacrificed to the securing of a stable price level. Dr. Means noted that the achievement of a stable price level could actually be harmful if it was merely the result of price increases in administered price industries being offset by price decreases in competitive industries. Referring to the period 1953 to 1958, he called attention to the fact that price increases in steel, electrical machinery, and other administered price industries were to a considerable extent offset by decreases in prices of farm products, textiles, miscellaneous goods, and other competitive areas. He noted that this divergent type of price behavior represented in effect a transfer of income from the competitive to the administered price industries.

As to the second purpose, the testimony of the various witnesses has provided a number of different routes to the solution to the problem. While they were in agreement as to the nature of the present inflation, they were in considerable disagreement as to the best ways and means of halting it. It was precisely this diversity of opinion which we sought in asking these particular economists to testify. Not only are they eminent men in their own right, but they are representative of the principal different points of view as to the best ways of dealing with the problem.

In trying to summarize the different remedial approaches which they have presented, I shall, of course, have to engage in a certain amount of oversimplification which I hope does not do too much violence to their essential views. Dr. Nourse's attitude seems to be that principal reliance must be placed upon the force of competition; that, however, concentrations of power have developed in industry, in labor, and in farm organizations which sometimes prevent the force of competition from adequately protecting the public interest; that he does not believe in either trust-busting or union-busting as a solution to the problem; and that rather the Congress should concern itself with developing a general principle on the basis of which legislative means of preventing abuses of concentrated power can be devised.

Dr. Nourse was particularly concerned with the virtually complete exemption which has been extended to farm organizations in recent court decisions, with the potential harm to the general econ-

omy that can arise from the farflung and widely disparate activities of such a labor organization as the Teamsters Union, and with the power that is held by a large conglomerate corporation such as General Motors, which is a leading producer in not one but a whole series of different industries.

Dr. Lewis declared that economizing by admonition, which he referred to as creeping admonitionism, is self-contradictory and meaningless; that the anti-trust laws, while they are generally desirable and should be continued and strengthened, are too slow and not sufficiently effective to deal with the nature of the monopoly problem as it now exists; that concentrated forces are not held in check by their opposition to each other because the opposing interests often do not countervail but rather hang up on the consumer; that even if there were such a thing as a corporate conscience it is difficult to see how it could be applied in the public interest to specific price and production decisions; that the workable competition doctrine is too vague to be meaningful and that inevitably we will have to come to accept some form of direct controls.

Dr. Lewis endorsed the use of indirect price restraints of the nature that were rather successfully employed in the early years of World War II before the direct involvement of the United States in the war, and drew a distinction between such specific measures and general admonitions of businessmen to be statesmen. In this connection Dr. Lewis endorsed the bill of the Senator from Wyoming (Mr. O'MAHONEY) to require large corporations in concentrated industries to give notification before instituting price increases.

Dr. Means urged, first, that we get rid of the idea that the big corporations are private enterprise and recognize rather that they are collective enterprises; that we develop standards by which the performance of these great collective enterprises can be judged; and that we develop a system of incentives and a framework of laws, rules, customs, and opinion which will tend to induce corporate management to make their price and other policies conform with these standards. While not believing that the breaking up of large enterprises is either an effective or desirable solution to the problem, Dr. Means held that in general the antitrust laws are desirable and should be strengthened and vigorously enforced.

Dr. Adams urged that the Government itself bring to a halt its own activities which promote concentration and destroy competition; that the focus of the existing antitrust laws be against industrial giants rather than petty offenders, such as Louisiana strawberry farmers or Maine lobstermen; that where they protect concentrated power from foreign competition, tariffs should be repealed; that Congress enact a new law patterned after the Public Utility Holding Company Act of 1935 to deal with excessive conglomerate power not based on efficiency; that the patent laws be revised so as to provide for revocation

Important!

ation in any national emergency which might hereafter arise. Accordingly, the committee recommends favorable consideration of Senate Joint Resolution 22, as amended.

There was no objection of any kind to the joint resolution at the hearing or in the full committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BUTLER. Mr. President, I wish to associate myself with the remarks of my distinguished colleague from Wyoming. I thank him publicly for the work he has done in holding hearings on the joint resolution.

The National Defense Transportation Association is an excellent organization. Its purposes are of the highest. I am certain that when the day shall be set aside it will be of great benefit to the people of America.

Mr. O'MAHONEY. I thank the Senator from Maryland. I should say that he is the author of the joint resolution, and that it is he, not I, who deserves the commendation.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "Joint resolution requesting the President to designate the third Friday of May of each year as National Defense Transportation Day."

LATIN AMERICA AND THE UNITED STATES: NEW DIMENSIONS IN INTERNATIONAL COOPERATION

Mr. SMATHERS. Mr. President, for the past half-year our attention has been riveted to the turmoil in the Middle East. There Communist subversion has exploited growing economic desires and fervent nationalism to create chaos. There the eyes of the world appear to be focused, as every headline, every newscast, almost every speech dwells on the facts and prospects of the changing tides in the Middle East. While we have been concentrating on the rapid-fire developments in the Middle East, Latin America—right here in the Western Hemisphere—has been experiencing similar widespread ferment and unrest. But because it is not at the moment in the direct geographic path of the Soviets, developments in this area receive scant attention. Yet the pot boils down there.

Reports from South America, Central America, and the Caribbean have been increasingly troubling. In recent weeks the Chilean Government has had forcibly to suppress mass rioting. In Haiti, a discontented populace forced the overthrow of the president. The country is presently without a government, and several days ago police fired tear-gas bombs at demonstrating crowds in the Haitian capital. In Cuba, only 45 minutes from the United States, revolution-

aries stormed the presidential palace, seeking to assassinate President Batista. Reports from Cuba of continuing revolutionary activities reach us daily. The provisional government of General Aramburu, in Argentina, which is striving to reestablish free government after a decade of Peron, is constantly plagued by Communist and Peronist plots. In northern South America, Colombia bristles with violence and insecurity. The Liberal and Conservative Parties have put aside their differences to join forces against the strong-arm methods now prevailing in the country. If the president goes ahead next month with his plan to succeed himself, contrary to Colombian tradition and constitution, some observers expect a repetition of the bloody 1948 riots of Bogotá.

The wave of internal strife sweeping Latin America is not the only problem in the Western Hemisphere. Late last week, there were reports of a Nicaraguan invasion of Honduran territory. The territory in question has been disputed for many years. Recently both countries have moved troops to the area. Some observers attribute the reawakened interest on the part of both governments to the fact that United States oil companies have been prospecting in the vicinity.

There is continued talk and speculation that our long-time friends and allies, the Panamanians, are watching with great interest Colonel Nasser's seizure of the Suez Canal, and his success at cutting himself in for a bigger "take" from the operation of this international waterway. These are festering, developing matters which should command our immediate attention.

Mr. President, we cannot be complacent with regard to Latin America on the economic front, either. The habit of lumping all 20 Republics together in statistical reports can be, and is, deceptive. It is true that last year considerable capital investment flowed from both United States and European sources into Latin America. It is also true that the region's foreign trade and industrial expansion reached record levels in 1956. Latest reports indicate, moreover, that Latin America's gold and liquid dollar holdings rose during the first 9 months of 1956 by some \$177 million.

A breakdown of the figures shows that not all the countries fared well in the reported progress. Mexico, Brazil, Venezuela, El Salvador, and Cuba had a prosperous year. But not all our neighbors were so fortunate. Argentina's reserves plunged by some \$137 million, while Colombia's reserves dropped by one-third in less than a year. In fact, 1956 saw Colombia develop the worst economic crisis in its history. Inflation wracked the Paraguayan economy. Bolivia suffered what amounted to economic chaos last year. The boliviano, pegged at 720 to the dollar in 1953, reached 7,360 to the dollar by mid 1956.

Guatemala, the little nation in Central America where Communist infiltration was rooted out over 2 years ago, was having a hard pull to prove that democratic government and free enterprise can bring a better way of life to the under-

privileged. President Castillo's reversal of the former government's land-distribution program has caused a number of difficulties. The new plan calls for the return of expropriated land to the original owners and the relocation of land-hungry peasants in new community developments on nationally owned coffee fincas and in virgin jungle territory. Unfortunately, this type of agrarian reform is handicapped by insufficient funds to build the necessary roads, drainage systems, community centers, and to clear land. The poor peons who benefited from the wholesale division of expropriated properties under the Communist-dominated regime are waiting to see what free enterprise can bring to them. In the case of the only country which has purged a Communist-infiltrated regime, the progress of Guatemala is being watched by underdeveloped countries the world over.

Mr. CHAVEZ. Mr. President, at this point will the Senator from Florida yield to me?

The PRESIDING OFFICER (Mr. JAVITS in the chair). Does the Senator from Florida yield to the Senator from New Mexico?

Mr. SMATHERS. I am happy to yield to the able Senator from New Mexico.

Mr. CHAVEZ. The Senator from Florida has mentioned Guatemala. It is an very well to speak of getting rid of a government, if the reforms referred to by my good friend, the Senator from Florida, are carried out. But does the Senator from Florida know of a single instance in which Guatemala has benefited from the so-called reforms?

Mr. SMATHERS. I agree with the Senator from New Mexico; the reforms which were instituted by the government which preceded that of President Castillo did not result, I believe, in any benefit at all to the natives of Guatemala.

Mr. CHAVEZ. I have visited Guatemala, and I think I am familiar with the situation in Latin America generally. I believe I know the reactions and the characteristics there. I know that the Grace Lines and the United Fruit Co. are doing well; but the Guatemalan woman is still walking from Amatitlan to Guatemala City.

Mr. SMATHERS. I thank the Senator from New Mexico for his contribution. I believe he will agree that that is the reason why, in connection with the vast foreign-aid appropriation bill which soon will be before us, more consideration should be given to the Guatemalans and to other peoples of the Western Hemisphere, who thus far have been rather neglected.

Mr. CHAVEZ. I agree completely. So far as international economic improvement is concerned, we have treated the peoples of Latin America—from the Mexican border to Patagonia—like a bunch of orphans. Talk about satellites. They may not be political satellites, but certainly they are economic satellites, with few exceptions.

Mr. SMATHERS. I thank the Senator from New Mexico.

Mr. CHAVEZ. I hope the Senator from Florida will emphasize the neces-