

Senator Carlson Believes Gold Outflow Greatest Problem



SEN. FRANK CARLSON Discusses Economic Problem

By ROY McGHEE
 United Press International
 WASHINGTON (UPI)—What is the single most serious problem facing the United States today? Civil rights? Unemployment? Communism?

An American who selects any one of those possibilities as the nation's No. 1 crisis will find a sizable number of his countrymen who agree wholeheartedly.

But a highly respected, senior Republican in the United States Senate disagrees with all of them.

To Sen. Frank Carlson of Kansas the greatest cause for alarm—and one of the least understood—is that gold is flowing away from U. S. shores faster than it is collecting here. This causes what is known in economic circles as a "balance-of-payments" deficit.

"Balance-of-payments" deficit is a nine-dollar phrase which simply means that the United States spends, lends, invests and gives away more to foreign

countries than foreign countries spend, lend, invest or give to the United States.

Number One Problem

"Our balance of payments situation is the number one problem as far as the future of the country is concerned," Carlson told United Press International in an interview. "If we don't reverse the trend—quickly—we're likely to face a depression that will make all our other problems pale into insignificance."

At the outside, he says, the country has two years to get its foreign fiscal affairs in order, or face possible economic catastrophe.

Carlson speaks from a pre-eminent position. He is ranking Republican, behind Sen. John Williams of Delaware, on the Senate Finance Committee. He is third ranking GOP member of the Senate Foreign Relations Committee. In those posts he is privy to the nation's prime economic information. The jobs also make him partly responsible for solutions of both domestic and foreign economic problems.

Recent Assignment

His most recent assignment in the international field was representing the United States, along with Sen. J. W. Fulbright, D-Ark., at the International Monetary Fund (IMF) conference in October.

Carlson has been heartened a little—but just a little—by the modest improvement in the balance-of-payments deficit in recent months. In the second quarter it was running at a

\$5 billion annual rate and was reduced to a \$2.5 billion rate, estimated, in the third quarter.

"Even so," he predicted, "this will still be our worst year. We'll probably wind up about \$4 billion behind."

For several years the deficits have been averaging about \$3 billion. They have drained U. S. gold stocks by about \$15 billion.

How did the United States get in such a situation?

Complex Combination

To find the answer to that, one would have to unravel a complex combination of circumstances that have been years in the making. The more pertinent question, according to Carlson, is how to get out of the situation.

Conceding that there are no easy answers in today's world, he said nevertheless that answers must be found. He suggested a few:

—Cut back American troops commitments overseas.

—Increase U. S. sales efforts on a nation-to-nation basis in the free world.

—Boost trade in non-strategic commodities with the Communist bloc countries.

—Raise U. S. interest rates to a point where they are on a par with or very close to European rates.

Most Important

Of all these approaches, he said, the troop cutback is the most important.

American military forces overseas are the greatest single conduit through which U. S. gold flows abroad. They will ac-

count for about \$1 billion during this year.

"I am hopeful we can reduce our overseas soldier commitments," the senator said. "We have nearly 400,000 troops in Europe alone. With our ability to transport whole divisions by air, as the recent exercise Big Lift proves, we should be able to cut back significantly."

As for trade, the United States exports more than it imports and has had a favorable balance in this respect for years. But the balance is narrowing. And this trend must also be reversed if the overall payments deficit picture is to be improved.

Trade Bi-Laterally

Carlson's suggestion: "I think we are going to have to send some people out with brief cases to trade bi-laterally. We are simply going to have to compete on a bigger and broader scale."

As to trade with Communist bloc countries, the senator thinks the United States might have to re-examine its whole philosophy about such exchanges. He favored the sale of wheat to the USSR, and not, he says, just because he represents the nation's largest wheat-growing state. In a recent Senate statement, Carlson declared:

"Our nation lost \$423 million worth of gold from Jan. 1 to Aug. 31, 1963. Our gold reserve has dropped from \$24 billion in 1964 to \$15.7 billion in 1963."

"There are some who will argue that the sale of wheat to Russia strengthens Communism. But the facts are that Russia is obtaining not only foodstuffs, but industrial products from our allies in ever-increasing quantities."

Trade Agreements

"For instance, statistics for 1962 show that West German trade agreements with Russia alone totaled about \$700 million. Germany is now the third largest industrial nation in the world."

"Italy has a four-year trade agreement with the Soviets for \$1.1 billion worth of goods. France has signed a three-year trade pact with Russia for \$100 million in trade. India has a four-year trade pact with Russia which provides annual trade of \$440 million. Japan has a three-year trade pact with Russia that calls for \$365 million."

The United States and Russian trade last year was \$16 million each way.

"I am not advocating the sale of strategic materials to Russia, but I do urge that our nation give every consideration to expanding our trade with Russia and her satellites in non-strategic items."

Returning to the wheat question, Carlson said the United States sells wheat to Germany, France and other European countries.

Processed and Sold

"Much of this wheat is processed into flour and foodstuffs by these countries and then sold to Russia. Therefore, Russia gets our wheat whether we sell it to them or not," the Senator said.

Another leading factor in the gold-outflow problem, Carlson said, is the interstate situation. Overseas, opportunities look mighty tempting to American investors, particularly in stable West European countries. Interest rates there are higher than they are here. This led President Kennedy recently to raise the rediscount rate for short term borrowing. This, in turn, so the theory goes, will lead American investors to put more of their money in domestic issues.

Coming as close as he ever did to a partisan statement in the interview, Sen. Carlson noted this was the classic Republican position. "They (the administration) hated to do it, but they found there was just no other way. They had to raise the rates," he said.

Ceylon Prime Minister Is Woman First, Politician Next

By MICHAEL T. MALLOY
 United Press International
 COLOMBO, Ceylon (UPI)—The only woman prime minister in the world a woman first and a politician second—but she combines the two roles as a firm and knowing matriarch.

After three years in the "Man's world" of high statesmanship and low politics, Mrs. Sirimavo Bandaranaike has lost none of the femininity which earlier made her a loving wife and mother.

When three of her acquaintances were asked to describe the prime minister's character, each of them started out with something like this: "To begin with, she is very much a woman."

Equally descriptive was a newspaper account of a spirited debate in the Ceylonese Parliament last year.

"The prime minister," the report said, "was seen to be in tears."

Other tearful scenes have given the prime minister the unfortunate nickname of "The Weeping Widow."

But this picture of weak womanhood is fading fast.

"Think of her as a widow with 10.5 million children," one diplomat said.

Turn To Widow

The prime minister's desperate allies were then driven to the expedient of using Bandaranaike's widow as a symbol to whip up support for their party. They made her titular head of the Sri Lanka Freedom Party (SLFP) and ran her for the senate in the 1960 elections.

Sirimavo toured the country with her political mentors, constantly reminding the voters of her martyred husband's popularity and frequently breaking into tears in the midst of her campaign speeches. The tactics won a national victory for the SLFP.

Once in power, the SLFP leaders made Mrs. Bandaranaike the prime minister and sat back to run the country in their own way. They assumed that the widow would stay out of government business. At first they seemed to be right.

At the beginning, she leaned heavily on her young, ambitious nephew, Felix Dias Bandaranaike. As her parliamentary secretary, Felix became Mrs. Bandaranaike's spokesman in the more important Lower House, while she stayed in the more tranquil Senate.

As finance minister, Felix controlled the economy. It was generally believed that he also controlled the prime minister.

Starts Village Tour

Then Mrs. Bandaranaike began to tour the villages to sell her social welfare programs. She discovered the popular adulation which gives relish to politics. When she drove along the dusty island roads, the cry of "Sirimavo's coming" ran ahead of her car, and knots of peasants gathered to cheer.

Mrs. Bandaranaike also found that her example was freeing the rest of her sex from its restricted place at the family hearth. Housewives who had never attended a political meeting would turn out in thousands to see their woman prime minister. They began to vote in election-swaying droves.

Today the prime minister's public appearances can be powerful and moving events. Crowds will wait for hours in a village square to hear her.

Moves With Deliberation

Often the sun has set and hissing pressure lamps light up the crowd as it parts for the prime minister's arrival. She wears a white sari to set off her dark skin, and moves with deliberation. Farmers who have come from miles away reach out to touch her garments. Some kneel to kiss the hem of her sari.

That Mrs. Bandaranaike now uses her political magic in her own way is scarcely disputed in Ceylon any more. Her nephew, Felix, has lost his finance minister's job. He still represents his aunt in the Lower House, but it is now understood that he speaks for her instead of himself.

Felix's replacement both as finance minister and Mrs. Bandaranaike's chief advisor is a Marxist named T. B. Langaratne. But it is believed that the prime minister makes the decisions herself, though she listens to Langaratne's advice, especially on economic matters.

Bids Called for Fence Construction

KLAMATH FALLS — Bids for construction of 17.5 miles of range fence on the Winema National Forest will be received by the regional forester before 3 p.m. Nov. 14. Also included in the proposed contract will be the installation of six cattle-guards.

In announcing the project, Supervisor Alex Smith advised that the fence locations are located on the Chiloquin, Klamath and Chemult Ranger Districts, and eight separate short segments of fence are involved.

"Completion of these fence projects," Smith said, "will be another step toward gaining control of the grazing use on the National Forest lands and will aid materially in the overall range management program."

The project is made possible through the Accelerated Public Works Program administered jointly by the Forest Service and the Area Redevelopment Administration of the Department of Commerce.

Interested bidders will have an opportunity to review specifications on the ground with Forest Service personnel. A "show me" trip to the fencing sites will originate from the Chemult Ranger Station at 9 a.m. Tuesday, Nov. 5.

Concern For People

Mrs. Bandaranaike is deeply concerned with her people's welfare. This has led to the socialist-style takeover of many industries, but it also has given the Ceylonese the widest range of social welfare benefits in Asia.

Mrs. Bandaranaike's 10.5 million "children" get free education to the university level. They get cheap or free medical care. Their fish, kerosene, cloth and local transportation is subsidized. Fully 20 per cent of the budget goes to provide rice to the public at hardly one-fourth the open market price.

Her strong moral feelings are those of an ideal wife and mother of an aristocratic Ceylonese family. They fit in with her avoidance of tobacco, her refusal to wear cosmetics and her reluctance to meet strangers.

Born in Wealth

Mrs. Bandaranaike was born in 1916 to the Ratwatte family, at the very top of Ceylon's pyramid of wealth, caste and social tradition.

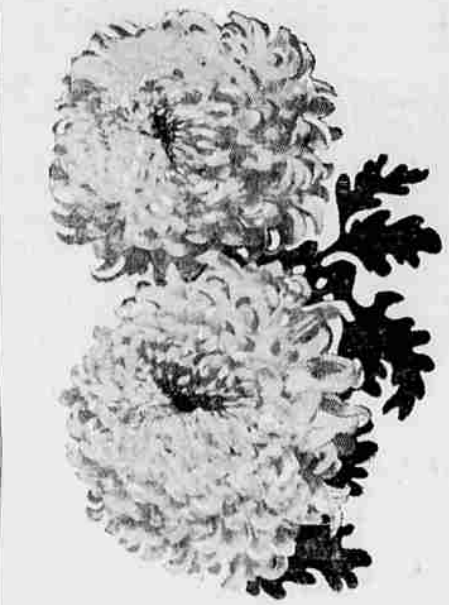
In 1940, a match was arranged to unite Sirimavo's clan of highland nobles with the wealthy lowland family of W. B. D. Bandaranaike.

Bandaranaike was much older and he was one of Ceylon's fastest-moving politicians. While Sirimavo stayed at home, he stumped the island for Ceylonese nationalism, the Bud-

dhist religion and welfare-state socialism.

Bandaranaike's coalition won an upset victory in the 1956 elections. He became prime minister with a big parliamentary majority.

Four years ago the daily swarm of visitors to his home included an embittered Buddhist "bhikkhu" who had been denied a political appointment. As Bandaranaike bowed to the monk in the approved religious manner, the bhikkhu whipped a pistol from his yellow robes and shot the prime minister to death.



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