

**Luther H. Hodges Oral History Interview – JFK#3, 05/18/1964**  
Administrative Information

**Creator:** Luther H. Hodges  
**Interviewer:** Dan B. Jacobs  
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**Biographical Note**

Luther H. Hodges (1898-1974) was the Governor of North Carolina from 1954 to 1961 and the Secretary of Commerce from 1961 to 1964. This interview focuses on discussions with business leaders about civil rights, transportation issues such as the deterioration of railroads the highway program, and the Department of Commerce's budget, among other topics.

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Appendix A

(Gift of Personal Statement  
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In accordance with paragraph 3 of the deed of gift signed by me on December 22, 1964, I, Luther H. Hodges, hereby authorize the Director of the John F. Kennedy Library to place under seal that portion of my oral history transcript including reel 2, page 4 and paragraph 1 of reel 2, page 5. For a period of 10 years from December 12, 1964, this material shall not be made available for examination by anyone except persons who have received my express written permission to examine it. This restriction shall not apply to employees of the John F. Kennedy Library engaged in performing normal archival work processes.

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Luther H. Hodges

Luther H. Hodges – JFK #3  
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INTERVIEW WITH LUTHER H. HODGES  
U. S. SECRETARY OF COMMERCE  
BY DAN B. JACOBS IN WASHINGTON, D. C. ON MAY 18, 1964

**Jacobs:** This is an interview done by Dan B. Jacobs in the Office of the Secretary of Commerce, Luther H. Hodges, in Washington, D. C. on May 18, 1964.

Secretary Hodges, did you want to comment at all on your role in the Kennedy Administration dealing with the civil rights issue?

**Hodges:** Well, I was not as directly connected with it as some of the other people in government, although a year or more before the Civil Rights Bill was introduced to the Congress, I was called on several times by the President and by the Attorney General, Mr. Robert Kennedy, to talk with various business and industry leaders. I was trying at their request to see if these people wouldn't try to make the situation as easy as they could in certain communities. I did not take any part in the formation of the bill, but I recall very vividly having conversation with President Kennedy quite some time before the legislation was sent to the Congress, in which I appealed to him to go before the Nation on a television broadcast to say to the whole people of all races and colors that he thought that law and order was the most important thing and that no one would achieve anything finally unless he had a respect for law and order. I said to the President, "You're being blamed for really encouraging the Negro to disobey the law. I know that isn't completely fair, but that's what is being said. I wish you would do the other thing." But he didn't do it. In the discussions we had, I pointed out some of the pitfalls from the standpoint of legislation and from the standpoint of his next election. And he made a statement which made a deep impression on me. He said, "Governor, I may lose the legislation, or I may even lose the election in 1964, but," he said, "there comes a time when a man has to take a stand, and history will record that he has to meet these tough situations and ultimately make a decision." I think that history will record that he made a tough, sincere decision regardless of how it comes out.

Jacobs: Have you had any particular experience as Governor of North Carolina that you drew upon in dealing with this issue?

Hodges: Oh, yes. I had told him in some detail of my own experience which went back five or six years before that, and that by making a ringing statement to the people of the state that I would not under any conditions put up with any disregard for law and order and any breaking of law and order, that we minimized our troubles and that I thought that was what the people of the country would expect from an executive of the state or federal government to do. I had much experience with that kind of thing.

Jacobs: Did you take any other role in the Administration in regard to Governors of Southern states or any dealings with individuals that might . . . . ?

Hodges: Oh, I talked with many people about it trying at all times to be as helpful as I could to the Administration. As I said, I was not consulted on the legislation, did not even see it until it went up to the Congress, so I did not testify on it, although they asked me to at the time. But, I did make statements repeatedly that I favored the basic program of equal opportunity in every regard of employment, schools, or what not, and that has been my position right along.

Jacobs: Did the Commerce Department play any role in regard to the public accommodations section of the Civil Rights Bill?

Hodges: Well, not in actually putting it into the bill, but the bill itself, at this moment we are talking, provides that some of the community situations which develop will be handled by the Department of Commerce. We don't know how it will finally come out.

Jacobs: It arises out of Commerce Clause of the Constitution and is before Commerce committees?

Hodges: Presumably.

Jacobs: Were there any other elements of this issue that you wish to thrash around?

Hodges: I think not.

Jacobs: Well, we might just briefly touch on the role of the Commerce Department in regard to the Alliance for Progress in Latin America, and what part you played in that.

Hodges: In our Bureau of International Commerce, which is headed by Dr. Jack Behrman, we were very closely identified with and allied with the whole program of the Alliance for Progress working with AID, State and others. We talked to many leaders in the business and banking communities, such as David Rockefeller, also a representative of Standard Oil, and other large outfits which had some experience in dealing in the Latin American countries, and got their suggestions as to how best to bring the private sector into this whole Alliance for Progress program. We felt, and I think very properly, that no government agency could ever afford the amount of money that it would take to build up that territory of the world, the various countries of Latin America, so we've spent quite a bit of time, and I hope somewhat successfully, in interesting the private sectors to take a look at these things. Of course, we have had to discuss with them guarantees of their investments that they might make which cover convertability and which cover expropriations, and so forth. We have also worked with agencies of the government including AID and Treasury, and got President Johnson to send to the Congress a proposal for a 30 per cent tax credit for new investments for Latin American countries for developing countries.

Jacobs: Were there any other incentives or guarantees developed that you think particularly noteworthy during your Administration?

Hodges: Yes, the EX-IM Bank was just getting started and we, working with them, have gotten a much broader coverage. Then they formed what is known as the FCIA, an organization of private insurance companies to issue insurance policies, and that has been most effective.

Jacobs: Mr. Secretary, during your tenure as Secretary of Commerce there have been two world fairs in the United States, the Seattle Fair and now the present New York World's Fair of 1964-65, and I know your Administration has played a role in helping, assisting and setting up of both of those world fairs. Would you like to discuss the Seattle Fair first?

Hodges: Yes, the Secretary of Commerce is directed by the President to take charge of, or organize and direct, the activities of the Federal pavilion in the fairs. So if I may treat them together I will do so. The Seattle Fair was a small world's fair, but a very well organized and very well run, financially and management wise. We in the Department of Commerce selected a small staff and built and ran the Federal pavilion, which was a science pavilion, and probably the hit of the entire Seattle Fair. I personally represented President Kennedy at the opening of the Seattle World's Fair at that time. We spent about ten million dollars on this building. Later, we also represented the U. S. government in originating and building the Federal pavilion at the New York World's Fair. This was about a \$17 million project, and we went through the same routine of World's Fair Commissioner, and a very good exhibit for the fair.

Jacobs: I believe President Kennedy took a personal interest in the New York World's Fair.

Hodges: I was going to say, he got into this thing in great detail. He looked at the architect's original rendition and suggested that it be changed. We had to start all over again practically. I can see him now in the Cabinet Room at the White House looking over some of the exhibits and drawings and making suggestions here and there. So he had a very great deal not only on the building itself, but of the contents of the building, of the program that we had there. Following these two fairs, we were asked by President Kennedy and later President Johnson if we wouldn't take responsibility of seeing that we could stop some of the confusion that has been so apparent in the U. S. A. Since we are not members of the International Fair Association, some of the places have had difficulty in being identified as an official fair. So we are right now in the process of getting invitations from all of the cities of the country that want to put on so-called world's fair, and that will be our responsibility.

Jacobs: The Department of Commerce in the future?

Hodges: Yes.

Jacobs: Were there any other aspects of this? Now I pass on to the Maritime responsibilities of the Department of Commerce. Do you want to go into the Maritime Commission and its part in the Department of Commerce?

Hodges:

Yes, I would like to speak briefly and as pointedly as I can about this. I have been asked many times what was the toughest job in the Department of Commerce, and I said the running of the Maritime Administration was the toughest job, and as far as I was concerned the toughest job in all the Federal government. The Maritime Administration, up to August 1961, was given the responsibility of not only operating the U. S. Merchant Marine from the standpoint of policy and the subsidy program, but for the building of ships and operating of ships. It was also a regulatory body. So, President Kennedy recommended to Congress that they pass, and they did, a bill reorganizing it. So, there was set up at that time a Maritime Commission, setting aside five Presidentially appointed Commissioners for looking over, and having responsibility for the rates and other regulations affecting the maritime industry. That was entirely separate from Commerce. We kept in Commerce the Maritime Administration which is the operating and promotional side. The story of Maritime shipping as far as the U. S. government is concerned is not a good story; it is rather a sorry story.

Germany

From the Maritime Act of 1936, when we had about 38 per cent of U. S. exports carried in U. S. bottoms, it is now down to less than 10 per cent and we are spending probably \$300 million a year in subsidies to a certain part of the fleet, for the building and operating of ships, to equalize what it would cost an American shipowner to have a ship built in Japan or Germany and to meet U. S. labor costs of running ships. And the Congress authorizes subsidies up to 55 per cent of the total building cost which seems to be about what they figured the differential was. Then on the actual operating, we spend even larger percentages than that to equalize the cost of American Merchant Marine labor cost, etc., to equalize it with costs abroad. Even with all of this the Merchant Marine continues to go down. The whole industry is beset by a rather serious and disquieting labor troubles. Our whole experience for the last several years, including the building of the first nuclear power merchant vessel, the SAVANNAH, which costs somewhere around \$75 million, or several times more than it ought to, has been bad. Actually after the SAVANNAH started its operations, it was struck by one of the unions, and then had to be put aside for a whole year while we changed the agencies and then trained an entirely new crew and different group. So,

considering the whole thing, the United States has not done a very good job in running its Maritime Administration. Whether it's in Commerce or whether it's by itself, you would have the same problems.

Jacobs: What is the Maritime Administration doing to try to cope with these particular problems?

Hodges: Well, there is very little it can do, frankly, because labor is so recalcitrant and the costs are so terribly high that all they are doing is simply adding a lot of money to the cost of the taxpayer to get it done.

Jacobs: You mean in relation to other international shipping?

Hodges: Yes.

Jacobs: We did discuss the 50-50 American shipping in regard to the grain deal, but did you want to take that up as a more general matter?

Hodges: Well, now just a word about the 50-50 requirement. There is a law passed by Congress which requires that on any item shipped of agriculture nature, primarily applying to public law 480, at least 50 per cent of it must be shipped in U. S. bottoms. Actually the figure runs always right close to 50 per cent and it may run up to as high as 54 or 55, because the Agriculture Department finds that the cost to them in putting a greater percentage in American bottoms is so excessive that as much as they would like to give it to U. S. bottoms, they can't do so. Now the other kinds of things which Defense might handle in which the requirement is that there is 100 per cent in U. S. bottoms, but as it so often happens in Defense, not as much attention is paid to cost and total expenses as it would in others.

Jacobs: Do you have any other comments on this? In the area of transportation, other than shipping, has there been an attempt to evolve a transportation policy?

Hodges: Yes, President Kennedy asked us in 1961 if we would not try to establish a transportation policy for the Federal government. Keep in mind, there never had been one really declared or written up. So, we took it seriously. First of all, we called in all of the Federal agencies dealing with transportation and gave them all a chance to give their point-of-view, and then we asked for it in writing. Then, we called all of the various modes

of transportation, railroad, trucks, barges, airlines, and others to give their point-of-view. Then we called in all of the representatives of labor and farm organizations, dealing with this thing, to evolve a transportation policy. And out of it came what we thought was a rather comprehensive policy which, to over simplify, said, "Let's cut down and cut out some of the regulations we have and give people a chance to compete." And, that evolved itself finally into a bill, which was presented to the next Congress by President Kennedy, calling for more freedom. That was in 1962, and nothing has been done about it.

Jacobs: You cannot get agreement among the various industries?

Hodges: You cannot get agreement among the transportation industries involved. So it's, again, a very difficult thing.

Jacobs: Have you made any particular attempts within the Department of Commerce to come to grips with the railroad problems, or the deteriorating situation of railroads?

Hodges: Yes, we deal with this thing constantly. We have, specifically, the Northeast Corridor problem of the New Haven, where about \$35 million U. S. funds have been advanced to New Haven.

Jacobs: It has been bankrupt and under court? <sup>ordered management?</sup>

Hodges: Yes, and we were asked by President Kennedy if we wouldn't do something to get that in a little better order. So we called in, on a public service basis, some leading railroad transportation people, one from the west, and they have counceled with the New Haven, and it has improved some, although it still is under court proceedings, as you know. We are now dealing, under White House direction, with the whole question of the Northeast Corridor, as to how you're going to get a viable rational transportation system, particularly railroads from Boston to Washington, having in mind a high speed train such as is now being carried out in Japan. That report is more or less in process of coming out, and it was promised by President Kennedy that it would be out in the middle of 1964. We do not know yet what the conclusions will be, but we have given out many contracts in research and engineering in order to find out what can be done to save this part of the United States which is growing rapidly in population, and cluttering up the whole transportation situation. We feel that it is almost necessary to have some kind of high speed railroad to handle this problem.

- Jacobs: Was this a problem that President Kennedy particularly concerned himself with?
- Hodges: Oh, yes, he was very personally interested in the thing, naturally, because of where he lived and what he saw in the future if we didn't work out something.
- Jacobs: It has been referred to as megalopolis, especially from Boston to Washington?
- Hodges: Yes, we have had all of those things in transportation, plus, of course, Public Roads, which was discussed before we came in here, and the over-all emergency transportation. So when the railroad strikes were threatened, we had to give the President within 48 hours a complete story of what would happen from the first day right on through until the strike had taken its complete deleterious effect on the economy, and we would be responsible if the railroads by any chance were taken over by the government. We in Commerce would have to run them.
- Jacobs: Did the pending railroad strike, which never eventuated, come under your purview in the Labor-Management Committee which you and the Secretary of Labor head?
- Hodges: No, it did not; that specific thing was kept separate. I was appointed by President Kennedy along with Secretary Wirtz and with a few members from industry, labor, and the public to discuss this problem.
- Jacobs: The railroad strike?
- Hodges: Yes. Wirtz and I were joint-chairman, and with other groups we spent about 10 days to two weeks on it, but never settled it.
- Jacobs: In those 1963 discussions there was no solution?
- Hodges: Well, what finally happened was that when we couldn't do it and it went to Congress, Congress passed a law giving a 90-day trial, which failed, and the long strike was finally ended by President Johnson's efforts.
- Jacobs: To go back to transportation in the larger sense, were there any particular problems in trucking or the airlines that you dealt with during 1961-63 period?

Hodges: No, we had certain questions of airline subsidies, and so forth, but nothing of great moment.

Jacobs: Was <sup>the</sup> supersonic passenger plane considered?

Hodges: Supersonic came in 1964.

Jacobs: This was not during the Kennedy Administration?

Hodges: No, well, I will put it this way. He did appoint a committee while he was still in office and the FAA had been working on it during the time. But, finally, a Cabinet committee was appointed by President Johnson and I sat on that committee.

Jacobs: So, it did not come to the Secretary of Commerce during President Kennedy's Administration. Do you wish to go into the highway program now? (Secretary, shall we skip that? Skip that, all right.) Was there anything further to say about the Labor-Management Committee ~~part in the railroad strike?~~

Hodges: Yes, I think history will show that the Labor-Management Committee was one of the farseeing things that was done by President Kennedy. I don't know whether it was his own notion or that of Secretary of Labor Arthur Goldberg that originated this idea of a Labor-Management Committee, of seven public members including the Secretary of Labor and Secretary of Commerce, seven representatives of labor, and seven representative of the industries. But that was announced early and the general consensus of opinion throughout the country was that this was just one more thing of that character to get the headlines but would not last; that they can't sit down together; you can't get Henry Ford and Walter Reuther in an open meeting to discuss these things back and forth. But all of that has been proved false.

In my more than three years sitting on this Committee in these meetings every month or six weeks, I have never seen such rapport among men who have discussed things that could easily be open to dispute. They have had a high public attitude toward these matters and they have discussed many things.

Jacobs: What were the major issues that they dealt with?

Hodges: Oh, they have dealt with just about everything that has come up; they have dealt with the old question of unemployment; they have dealt with the question of automation; they have dealt with the question of pension trusts; the question of collective bargaining; the strength of the monopoly of unions; and all of the other things that might come up between companies and unions on the large issues. It has been very effectively done and I think it has had a quiet, stabilizing effect on much that has happened in the last three years. Because if you consider the rather wonderful record made by labor and management and the small number of strikes, and the small number of labor troubles, I think you have got to credit some of it to this Committee which originated with President Kennedy.

Jacobs: Did this Committee actually resolve any of these disputes?

Hodges: Oh, no, that was not their job. They go into the broad phases and they touch some of the major industries and major labor leaders of the entire country, and the quiet influence there has had much to do with the state it is in today.

Jacobs: Within the Department of Commerce during your Secretaryship, 1961-63, you might take out some of the aspects of running the Department, how your liaison with Congress is in the formal sense of having been a responsible officer who dealt with Congress, how was that carried on?

Hodges: We have a General Counsel's office who handles the matters of legislation. Any legislation that is to be commented on by the various agencies comes through the General Counsel who deals with the secretarial groups in Commerce and in liaison with the Budget Bureau. But in the direct liaison with Congress itself, we have what is known as the Deputy to the Secretary of Commerce, <sup>for Congressional Relations,</sup> and that person has two assistants, one in the Senate and one in the House, who stay on the Hill all of the time, and through them they keep the contacts going in the small staff of five or six in the Secretary's office.

Jacobs: There are more often Congressional approaches to the Department, or does it work both ways?

Hodges: Yes, both ways.

- Jacobs: They deal also with your interest in legislation?
- Hodges: Exactly, and we are constantly making contacts, and then we have a deluge of correspondence with Congress.
- Jacobs: You also receive calls from Senators yourself?
- Hodges: Oh, yes, many times a week.
- Jacobs: Do you have any particular policy on ways you deal with members of Congress yourself?
- Hodges: Oh, I take every call that might come directly to me, from a Senator or Congressman. I give him prompt attention and promise him an answer. We don't promise to do it the way he wants it, but we give him a "yes" or "no" answer, which is sometimes a little unusual. But if you give a promise you give an answer. Many times in government you keep delaying and you don't do much, and I insist and require that a letter from a Congressman or Senator be acknowledged within 48 hours and the substantive answer be given later if necessary. We keep a very close tab to see that these letters are answered, and that the Member of Congress is given good service as he deserves to have.
- Jacobs: Well, you also have your departmental budget. You did speak of the problems of the U. S. Travel Service, but there are probably more general areas in handling the budget in both the Commerce and Appropriations Committees in both houses.
- Hodges: Yes, I would like to comment very generally on this, because we are like any other agency and we must justify our existence and our progress. Certainly, we must justify any increases we have. Of course, I have been in this budget-making process for a long time, 15 or 20 years, as a head of a large segment of a large company where we had to make sales and operating budgets, and then six years as Governor. Coming into the Federal government, the only difference is the figures are so much larger. The Department of Commerce, for instance, has roughly a billion dollars a year operating budget, other than the trust fund of the Federal highway, the Bureau of Public Roads. That amounts to something over three billion dollars by itself. So you are talking about a four to four and one-quarter billion dollar budget. There is never any problem about the three and

one-quarter billion dollars. That is pretty well taken care of itself, according to the usual charges and revenues that come in. But the other, you have to work on just as everybody else, getting all of your secretarial officers and others to justify. It happens to all budgets at all places. People who run the business first ask for about 25 to 50 per cent more than they will ever get, and, of course, the thing piles up and it finally comes up to the Secretary, and he has to do the pruning. And after that you go before your committees and try to defend it.

One criticism I have of our operation of the budget, as I gave you on the Travel Service, is that the committees of Congress seem to think ~~that~~ if you do not ask for an increase in your budget for various operations that that is good. The truth of the matter is if they were looking at it real carefully, there are plenty of programs within a department that probably ought to be cut out entirely. As long as you don't ask for increases, you don't really get any criticism. You ask for something new, then you are really up against it. We found that was true in connection with Science and Technology. There was the Department spending scores of millions of dollars in the Bureau of Standards, the Weather Bureau, and things of that character. But there was a great difficulty in getting from Congress authorization to put in a trained man to coordinate all of this. Congress would rather let the agencies run off by themselves, because they had connections with them. We proposed a new program of industrial technology, for taking care of civilian needs for research and development as opposed to military and space needs. We ran into a regular hornets' nest, because this was something new and it started a new program. And, understandably, they would be suspicious because this may grow into another big thing. But from our point-of-view, all that we were doing was to get modern.

Jacobs: You were consolidating?

Hodges: We were consolidating, and we were trying to cut out certain things, but put in things that were adaptable to the new age, to the so-called space age. So, the path of the man who is trying to get a budget through, whatever his agency is, is not an easy one; it is a very thorny one. But, basically, I don't see how Congress does all of the things it does. I don't see how it can understand half of the things that are required in budget making. I have no further criticism about it.

Jacobs: Did you want to say anything further about Science and Technology?

Hodges: I think what has been done in Commerce in coordinating and consolidating the scientific agencies, particularly in the Weather Bureau and the Bureau of Standards, has been rather outstanding. The oceanography, that we have had in the Coast and Geodetic Survey, is one of the newer things that we are trying to do. In the Weather Bureau, we are trying to improve the situation very greatly through our satellites<sup>low</sup> that we are mounting them and following the records. And in the Bureau of Standards, we have formed a series of Institutes of Science which will give them a chance to grow into modern approaches as against just an old-fashioned setup. So, I would think as a whole we have progressed, such as with NASA, when we announced recently that we had saved \$125 million over the next five years because of taking a hard look at the satellite programs; we did the same thing as the Department of Defense on the scientific lines of taking information that we ~~retrieved~~ retrieved from research and development in space and missiles, and so forth, and arranged so that it could be done in one place; namely, in Commerce's Office of Technical Services, instead of Department of Defense, and Commerce and others. So, all in all, I am very proud in what we could do along those lines.

Jacobs: The Patent Office has been one of the things that you have tried to modernize?

Hodges: The Patent Office is very old-fashion. I would guess it is 25 years behind the times, even behind what is being done in some of the European countries. Ask for a patent now, it would take you nearly three years to get one. We assume that every thing that comes in has to be checked all through this period of time. It is a long laborious process, very inefficient, very unscientific. So we have got some ideas of trying to, not only to automate it wherever we can, but get some new approaches to the question of issuing patents. For example, President Kennedy was interested in this basic thing on two points; namely, to get it modern, and, secondly, to start collecting fees that were more commensurate with today's costs. We haven't raised some of our Patent Office rates or fees since 1870. It has just a small percentage of returns. So, we have given a great deal of time, with the sympathy of the White House and the Budget Bureau,

trying to get not only the fees changed, but to get the approaches to patents changed. For example, just to give you one, why not go ahead and issue a patent on an ordinary, simple thing that comes up to you, and let somebody take exception to it, because in most cases the patents will go right ahead. If you would take exception to it, then they would have to prove it. Many things of that character can be looked at which would give us a better chance to get patents out. The patenting and the inventing of things is the basis of progress to be made. It needs to be modernized.

Jacobs: Did you want to say anything more about oceanographic research?

Hodges: I don't think so.

Jacobs: Thank you, Mr. Secretary

This has been the concluding tape of a series of three interviews with Secretary of Commerce Luther H. Hodges. This interview was done on May 18, 1964, in his office in Washington, D. C., by Dan B. Jacobs.