

Minnesota's power problems are not unfamiliar to the Senate. In past years you have heard our situation discussed at great length, with our meeds fully documented and the desires of Minnesota people made amply clear.

For four years, we in Minnesota have been fighting desperately to share in the benefits of low cost bydroelectric power from the Missouri River dams.

It is a fight for development and progress in which our state is now united.

It is not a partisan fight. It is not even a fight involving the controversial question of public vs. privats power.

Instead, it is a determined effort on the part of elected representatives of the people of Minnesota from both political parties, and spokesmen from both the private utilities of Minnesota and the great network of rural electric cooperatives in our state, to make clear to the Committees of the Congress and the Congress itself the urgent need for additional sources of power for Minnesota.

Minnesota is a growing state. We need more electrical power. Our REA cooperatives are unable to fulfill all of the requests that come to them for expanded service. This continuing uncertainty as to whether or not we in Minnesota will be permitted to share in low cost hydroelectric power has made it most difficult for our rural electric cooperatives or our private utilities to plan intelligently for their future development programs.

We had endeavored to neet our needs by seeking advance construction of transmission lines, to be available when power from the Bureau of Reclamation's Missouri River Basin hydroelectric dams becomes available for us in Minnesota.

Twice the Senate has agreed that we should have access to this new source of power, and voted in favor of funds for constructing the necessary high voltage transmission line. Both times it has been lost in conference, however, with the most recent conference report last year indicating the desire that provision for constructing the lines be made in this year's budget.

Construction funds were included in the priginal budget estimates for this year -- the Truman budget estimates.

But they were deleted in the revised recommendations of the new Administration, making us victims of the "economy" wave.

The House concurred in that deletion, even though recognizing that Minnesota was entitled eventually to access to Missouri Valley power. It offered, as a palliative, \$400,000 to complete plans and specifications for a line running from Big Bend, South Dakota, to Watertown, as the first step toward getting a line into Granite Falls, Minnesota.

They not only failed to provide for the badly needed construction —
they ignored the combined judgment of power experts in our own state as to
the route such transmission line should eventually take.

The Senate Appropriations Committee likewise recognized that Minnesota must eventually get access to Missouri Valley power, yet failed to adequately provide the means for us to get it.

The Senate Committee want a step Surther than the House, however, in providing that an additional \$300,000 be provided to prepare plans and specifications for extending a line from Watertown to Granite Falls to Benson to Fergus Falls.

I welcome such recognition of the fact that we should eventually get our transmission line. I question very strongly, however, the judgment of the committee in deferring favorable action on construction funds.

The time for surveys and studies is long past.

The supply of power for which we have been seeking this transmission line will be available by late this year, according to present schedules. There is no longer time for putting off definite action.

Yet that is just what the Congress is doing by failure to provide for construction of this line in the current budget.

The Senior Senator from Oregon, explaining action of the Subcommittee in omitting construction funds, laid the responsibility directly at the door of the Secretary of Interior, saying "The present Administration has had no opportunity to go into the subject, to understand the situation, or to reach any conclusions in the field ... Certainly before the Congress is committed to such an expenditure we should have some authoritative word from the department which will be charged with the expenditure of the funds, and with the justification for their appropriation".

I want the record to show that progress of our state is being delayed and setback, just because new people in our government haven't had time — or taken time — to, and I quote the Senator from Oregon again, "understand the situation, or to reach an conclusions".

The entire record of Minnesote's Fight for this project, the unity behind that fight, has apparently been ignored by the Administration as any guide toward reaching a conclusion.

We have heard much in recent years about curbing "big government", and encouraging greater responsibility within the state governments.

I submit that adverse action of the new Secretary of Interior on this transmission line question is an example of arbitrary Federal action without due consideration of local people and local desires, upon which local people have agreed after long and arduous negotiations. It is a decision that will create serious problems for our rural electric cooperatives and private utilities alike.

Let me review britfly the growth of this great development project for a high voltage transmission line bringing Missouri Basin power into Western Minnesota.

Backed originally by the rural electric cooperatives of our state in a desperate effort to bring down power costs, it was at first opposed by the private power companies. I remember this clearly because I advocated the lines during the 81st Congress in the face of opposition from the power companies.

But the power shortage in our state has continued to grow. Our development leaders have recognized that united action is necessary to solve that problem. The demands upon the cooperatives, the municipal plant and the private utilities for expanded service have continued to mount. As a result, Minnesota's power interests — private and public alike — have been united for more than a year in support of the transmission line as

the most practical solution, and the that should not be longer delayed.

Spokesmen for 20 REA cooperatives from Minnesota and the engineers representing the three large private utilities of Minnesota appeared together before the Appropriation Committees to make clear that unified stand, and to ask for the "green light" from Congress to get started on this badly needed transmission line.

They were keenly disappointed at deletion of this item from the revised budget by Secretary McKay, but understandably felt the Congress knew more about the history of the project, and would concur in Minnesota's claim that it was entitled to have this work undertaken without further delay.

Minnesota's right to share in the hydroelectric power of the Missouri Basin is recognised by both House and Senate Committees in authorizing survey funds — yet our opportunity to share is again delayed and jeopardized entirely by failfure to provide construction funds.

I believe the Congress should consider the accomplishment of Minnesota in working out a power development progrem upon which cural co-operatives, private power companies, and municipal systems are in accord. Such planning has been developed in the true tradition of a liberal free-enterprise system.

Minnesota is proud of the teamwork between its public and private interests working together to offer the state the best power service possible at the most reasonable costs that can be achieved. If it is the desire of the Congress to encourage such harmony between cooperative power users and private power distributors, rather than drive them into hostile camps.

Minnesota's united re unit should have been heeded and the funds provided for bringing realization to the high voltage line project, upon which these groups have worked so closely together.

I have fount for this project from its inception, and shall go on fighting for it. When the Senate appropriations committee failed to heed our ples, however, it became obvious funds would not be provided by this Congress without the sanction of the Administration itself — without the approval of the Secretary of Interior.

The course the Administration has chosen will be a setback to Minnasota.

It will be a setback to the rural electric cooperatives, to the private power companies, and to the municipal power systems. But even more important — it will be a setback to the ultimate power consumers in Minnesota, now confronted with power costs among the highest in the country.

I want the record to show this story of Minnesota's fight, despite adverse action against us — because that fight won't end until we get the consideration we are entitled to, from the Secretary of Interior and from the Congress.



Mr.President: I have repeatedly called the attention of the Senate to the urgent need for developing new and useful outlets for our abundant agricultural production.

I have emphasized how impartant man necessary some constructive action in that direction has become as a result of falling farm prices threatening to undermine our entire agricultural economy.

I have emphasized the stake all of us as consumers have in making sure that American agriculture is provided with the incenti e of fair prices to continue producing in abundance for our own future security and protection against scarcity.

I have repeatedly urged that in providing such protection we make good use of the abundance our farmers produce, not waste it. I have called upon the Secretary of Agriculture to look beyond present storage programs toward new and better ways of making good use of our abundance, particularly of perishably products. In that connection I suggested several alternative proposals for his consideration that would serve the double purpose of aiding American agriculture while still making more beneficial use of our present food abundance.

such alternatives,

Ranking foremost among thusausuggestions; in my opinion, is making greater use of our abundant food supplies to eliminate hunger and misery elsewhere in the free world.

As a sound and constructive move in that direction, I am vigorously supporting the proposal recently made by the Senator from Montana and concurred an in by many others for creation of/International Food Reserves, and I certainly hope action can be rushed on that undertaking as a positive part of our foreign policy.

But hunger in the world doesn't wait for eitherSenate debate, or

Neither, unfortunated dos the Depressing effect on farm prices of any temporary over-supply of farm commodities accomulating in this country.

For that reason I would like to suggest today a more immediate step that can be taken to prevent waste or deterioration of farm surpluses in the hands of the Commodity Credit Corporation, by getting such xecommodities distributed among friendly peoples throughout the world who urgently need such assistance.

I would like to suggest—and urge—that the Secretary of Agriculture take immediate steps to turn over as much of our existing surplus food supplies as can be intelligently distributed to an organization like CARE to further its mission of good will in the name of the American people.

STATEMENT

Upon Introduction of Bill to Create A Federal Committee on Migratory Labor

create

Mr. President: I am sending to the desk a bill to/srate a Federal Committee on Migratory Labor. This bill is identical to S. 3300, which was unanimously seported to the Senate by the Committee on Labor and Public Welfare in the last session of Congress.

A number of legislative proposals concerning migratory labor were placed before the Committee during the last session — varied bills addressed to specific problems within the over-all problem of migratory labor. After exhaustive hearings and considerable deliberation by the members of the Committee, however, it was unanimously concluded that the best initial approach to this widely recognized problem would be creation of a Federal Committee on Migratory Labor which would coordinate the activities of the various agencies of the government now active in the field in one form or another.

While members of this body on other occasions have had ample and frequent opportunity to become fully aware of the seriousness of the migratory labor problem in this country, I think that it is appropriate to briefly review the problem as it was presented to the Committee.

I trust that in this presentation I will be able to convey to the members of the Senate the great need for immediate action.

It involves the national interest, in a period when we must all be concerned with most effective use of our available manpower resources.

It involves the star a million per-

It involves the conscience of the American people, who cannot tolerate the continued plight of this huge group of "second class citizens" within our own country at a time when we are holding forth our democracy as an example of freedom before the rest of the world.

Few social problems of our time have more often irked the public conscience as the examples of the sordid conditions of misery and exploitation under which migratory workers often must exist.

Few problems have been given more searching investigations, or more exhaustive study and hearings before legislative bodies.

Yet, on few social problems has less progress been made in providing an organized means of coping with these conditions, or of reducing and eventually eliminating the basic causes of such conditions.

#### NECESSARY FIRST STEP

Conditions and circumstances surrounding the use of migratory workers in American agriculture are too complex to wipe out over night the many social problems arising out of such seasonal employment on a bare subsistence level. But the challenge is before this Congress to take the necessary first step of providing for an organized, coordinated approach toward the most practical and humane solution to those problems.

Human justice, and the nation's own interest, calls for that step to be taken without further delay.

Let me read you a very short quotation from the 1951 report of the President's Commission on Migratory Labor: "Migrants are the children of misfortune. They are the rejects of those sectors of atrichler, and other industries undergoing change the depend on misfortune to build up our force of migratory workers, and when the supply is low because there is not enough misfortune at home, we rely on misfortune abroad to replenish the supply."

That statement is an eloquent summation of the degradation, misery, and exploitation of over a million migratory farm workers who earn their living by cultivating and harvesting our Nation's crops.

It should be quite unnecessary for me to spell out in detail the unhappy existence of our migratory farm workers. The report of the President's Commission has told the story well. More recently, the seriousness of such migratory labor problems as insecurity, short work periods, low income, poor housing and health, inadequate schooling and lack of social opportunities were capably set forth in a pamphlet issued within recent weeks by the National Planning Association, and prepared by Dr. Lowry Melson, professor of Rural Sociology at the University of Minnesota.

The task of Congress is to examine this problem as to its effects on the welfare of our nation and to provide legislative remedies to the extent possible.

As Dr. Nelson and the NPA agriculture committee point out, a complete solution of these problems depends not alone on laws but on fundamental changes in the method and structure of agriculture.

Establishment of the Committee called for in my bill would provide coordinated leadership in that direction, a vehicle to mobilize all the efforts of state and federal governments, civic groups, and farmers themselves toward helping to improve conditions of the migratory worker.

Certainly we can be to dismiss or ignore the misfortunes of the migratory workers as individuals. We can afford even less to ignore the misfortunes when they adversely affect the nation's well being.

Migratory farm workers provide an indispensible source of manpower in producing the nation's food supply. Yet this important segment of labor has been subjected to working and living conditions so far below normal American standards of decency that fewer and fewer American workers will perform such work, and labor from less fortunate lands has been imported to fill the gap. In the vicious migratory cycle, this imported labor has in turn further depressed the miserable economic status of those Americans still compelled by necessity to eke out an existence from this lowest rung on the ladder of employment opportunity.

My interest in the migratory problem is two-fold: human welfare, and production manpower. I see no need for those interests to conflict.

I am concerned with the problems and welfare of all people in agriculture, whether they be farm owners or farm workers. Migratory farm workers and their families are a part of the population which depend in the main upon agriculture as a livelihood. Their welfare must be considered along with other efforts to strengthen our agricultural economy and improve all rural living conditions.

Migratory workers are still an important factor in agricultural production, particularly of certain crops in certain areas. While their employment is heavily concentrated on less than five percent of our farms, usually in specialty crop areas, their importance to much of the commercial production on these farms, under present farming methods, must be recognized.

In my opinion, egricultural policy in this country must be guided by both production and human welfare objectives, whether it be shortrange or long-range policy. The two objectives cannot long remain separated in a society of free people, because each serves the other.

Promotion of the economic and social well-being of agricultural laborers, therefore, must be recognized as among the factors facilitating production.

#### ALL SHARE RESPONSIBILITY

Agriculture alone cannot be saddled with the responsibility for creating the conditions which exist among migratory workers in this country. Nor in all fairness can agriculture alone be depended upon nor is it able to fully alleviate such conditions.

The migratory problem is a product of our entire economy, including the economic hazards under which farmers themselves must operate. All of us share with farmers the responsibility for working toward solutions in keeping with American standards of decency and dignity of the individual.

Unfortunately, there has been widespread misunderstanding about migratory problems in this country that too often reflect entirely unfairly upon the great majority of America's farmers.

It's apparently another case of a few rotten apples creating a stanch over the whole barrel.

Too much evidence has been uncovered in investigation after investigation for anyone to dispute the many examples of flagrant exploitation and abuse of migratory workers. But too often it is not made clair to the public's mind that around 95 percent of the nation's farmers use no migratory labor at all.

Even among the small minority using migratory workers, most of the instances of extreme social problems arising out of such use have occurred on the even smaller percentage of large-scale, industrialized type of farms, often operated by absentee owners. Such factories-in-the-fields have little in common with the traditional American family farm; instead, they are often ruthless competitors. Such mass enterprises are usually not operated by farmers; they are operated by speculators with little concern for what happens to either the human or the natural resources they exploit.

The abuses frequently brought to light from these factories—in—the—fields should not be permitted to reflect upon America's farmers, big or little, nor upon the good name of agriculture as a whole. Most progressive farmers have come to realize that it is to their own business interest, and improves their competitive position as employers, to provide good wages, housing and working conditions.

The great bulk of farm labor in this country is performed by farmers themselves and members of their own families. Because of the great disparity between farm incomes and incomes of other segments of our economy, too many farmers themselves still have to work under conditions not far above the level of migratory farm workers.

Because the bulk of farm worth on family farms is performed by the farmer and his family, any exploitation of cheap migratory labor is actually in direct competition with the historic pattern of family farming we have endeavored to maintain in this country, tending to pull down even lower the standards of income and living for all of our farm families.

Farmers as a whole, therefore, have an important stake themselves in eliminating sub-standard working conditions now prevailing among the farm workers who compete with family farmers, and thereby weaken the family farm bulwark of our democracy.

#### FAMILY FARM BEST HOPE

Most of our farm labor migration stems from the lack of better employment opportunities of a more stable and permanent nature. This makes it necessary for many families to turn to the short-term seasonal type of work, offered in specialized farming operations for their livelihood.

Our long-term objective, therefore, should be the establishment of conditions in agriculture and the rest of our economy that makes such migration unnecessary.

The family farm offers the best hope of stable all-year farm employment. It usually uses but little hired labor, either migratory or local, and where it does use such labor it is usually more concerned with the individual needs of the laborers and their families.

Unless we can bring some order out of the chaos of current trends tending to perpetuate dependency upon migratory workers as a cheap labor source, we are actually undermining the family farm system in America. A Louisiana strawberry grower to tired last year before the Subcommittee on Labor and Labor-Management Relations that 500 small farmers who had raised strawberries in his state had been forced out of business during the last several years by large operators using cheap imported labor. This is one of many examples that show some of our current policies are in direct contravention of the long standing public policy of encouraging family-sized farms as the most stable and desirable unit of agricultural production.

#### THE MIGRANTS THEMSELVES

I have endeavored to show that our existing migratory labor problems are extremely detrimental to agriculture itself. But what about the effect the perpetuation of present migratory labor conditions is having upon the migratory workers themselves?

Wasteful under-utilization of domestic migratory farm workers and the importation of foreign workers have created or aggravated several other problems of grave consequence. Haphasard distribution of the labor supply keeps thousands of workers on the move in search of employment. When they do find it, it is most often of short duration and the worker and his family must move on.

#### LACK EDUCATION

This constant movement has made it impossible for migrant children to have any continuity of attendance at school. In addition, local school systems have found it virtually impossible to absorb the short term enrollment of the children of migrant families who after a few days or week's employment again depart.

The gravity of this condition was brought into sharp focus by the testimony of Earl James McGrath, U. S. Commissioner of Education. Mr. McGrath told our Subcommittee on Labor and Labor-Management Relations:

"It is not surprising, therefore, that they (children of migrant families) constitute our biggest reservoir of illiterates. And strengely enough, Mr. Chairman, they have less education than their parents — which surprised me very greatly."

These children could grow up to be the rejects of the next generation. They will be excluded from many economic pursuits. They will be unfit for military service. They will have little understanding of American citizenship, because they have had no preparation for it. Yet they are more than one-half million in number.

#### HOUSING PROBLEMS

Poor distribution of the migratory farm labor supply has also contributed to an already bad housing situation. Short term employment has made even minimum housing accommodations economically unfeasible. Decent housing cannot be supplied when it is used only during peak employment periods. Non-occupancy for many months out of the year makes the cost of adequate housing prohibitively expensive. As a result, housing is usually either non-existent or incredibly bad. Sanitary facilities are all too often non-existent. Such conditions threaten not only the health of the migrants, but often imperil the health of the whole community.

#### WASTE OF MANPOWER

A mass of evidence was presented to our Subcommittee in the 82nd Congress establishing gross and inexcusable waste of manpower, because of the chaotic method of labor procurement and distribution. The almost total lack of coordination of manpower utilization among seasonal workers

in agriculture has resulted in the direct economic costs, to employer and employee.

Substantial losses have been sustained by growers due to their inability to harvest crops or through wasteful and inefficient harvesting
performed by dissatisfied or poorly trained and directed workers. The
workers themselves suffer through frequent unemployment due to an oversupply of labor in one area, though at the same time other areas may be
in urgent need of workers.

The full proportion of the poor utilization of manpower was indicated by the testimony of Robert L. Hudgens, who as Associate Administrator of the Farm Security Administration, was principally responsible for the farm labor programs in the early part of World War II. Mr. Hudgens testified:

"American agriculture, from a technical point of view, is the most efficient in the world, efficient in almost every aspect except in the management of its seasonal labor supply. The system that has persisted until now should be challenged for its sheer inefficiency.

"In 19h2, under the pressure of wartime shortages, it was necessary to schedule the movement of agricultural workers, as I have described above (through the Farm Security Administration). It is estimated that the crops of California in that year were harvested with one-third to one-half of the seasonal labor that had previously been considered normal."

An intelligent, coordinated approach can help solve the complex migratory labor problem, and greatly minimize the social problems now surrounding the use of such labor — if we provide, within our framework of government, some fixed responsibility for such a coordinated approach.

That's what our bill proposes to provide.

We are again in a period of heavy defense demands upon labor, which means we can't waste any of our manpower resources. Agriculture is having to produce more, with a shrinking labor supply. With falling farm prices, farmers can't compete with defense industry wage rates.

The Department of Agriculture, Department of Labor, Department of State, Immigration and Maturalization Service, Federal Security Agency, and Mousing and Home Finance Agency each have responsibilities to a varying degree for different phases of activity in relation to these migratory labor problems.

None, however, has a fixed responsibility to approach the task in the light of the total job; and there is now no effective vehicle for making sure they are not actually working at cross-purposes, rather than in a coordinated pattern toward the same objective.

We can't afford to put off much longer facing squarely up to this problem and doing something about it.

About 500,000 workers or one-half of our present migratory labor force is composed of American citizens. We import about 200,000 contract workers from Mexico and the British West Indies. The rest of the migratory work force comes mainly from the thousands upon thousands of illegal immigratory who cross the Mexican border each year to enter the stream of migratory farm workers.

Can we build a sound agricultural economy in our country if it must be dependent upon imported workers from another country?

These alien workers, with legal in the legal, pose a serious conflict in terms of our national instruction policy. The policy as expressed by Congress has declared that American living and working standards, particularly of wage earners, are not to be undermined by foreign labor competition. Though contract laborers have been specifically excluded by the immigration laws since 1919, the minth provision of Section 3 of the Act has provided statutory authority for the recruitment and temperary admission of alien contract workers. This authority was exercised as an emergency measure during World War II.

The end of the war, however, did not bring its termination. On the contrary, the number of contract laborers imported from other countries in each of the last two years was more than double the number imported in the peak war year, 19h5, when 92,000 were brought in.

Already, a bill is before the Congress for extending authority for this imported alien labor another three years.

#### PERPETUATING SOCIAL PROBLEMS

Is that the best answer we can find for our agricultural labor problem?

I don't think so. In fact, I'm convinced that this continued importation of foreign labor is serving only to perpetuate the problems we are trying to solve, working directly against agriculture's own best interest.

Let me point out that last year these imported Mexican workers were used on only 31,209 American farms, far less than even one percent of our farms.

Is it in the public interest to substitute, to the extent public funds are required for administration of the Mexican labor program, this small group of big farm employers with cheap foreign labor that in turn forces down the earning and income standards of the great bulk of American family farmers, who must compete through use of their own labor and that of their own families?

Is it in the public interest to tolerate continued exploitation and abuse of the "wetbacks", the annual influx of illegal entries across the Mexican border?

The gravity of this situation was fully stated during the last session of Congress when additional funds were sought for the Bureau of Immigration and Naturalization to tighten the Mexican border patrol and to transport illegal aliens to Central Mexico. These additional funds were denied, and the situation today is as bad as ever.

Considering the stringency with which our immigration law is being enforced in other respects, this laxity on the Mexican border is little short of incredible. Aside from the fact that undesirable and conceivably dangerous and subversive aliens can make their entry into this country in this way, these thousands of illegals on crossing the border immediately become fugitives from the law. The record of evidence is clear that too many big employers have taken advantage of this situation, and in offering them asylum on their farms, have exploited them at miserably low wage scales — wages far below the admittedly substandard farm wage average.

The matters I save just referred to are, however, merely complicating factors to the basic problem.

Single crop farming has long been characteristic of certain agricultural products. This specialization in growing food crops has been accelerated by increased mechanization on our farms and the ability of a farm operator to cultivate larger and larger tracts of land. With this specialization has come the need for large quantities of labor for short periods — particularly in the planting and harvesting seasons. These are the times when migratory workers are needed in large numbers.

Until and unless we achieve basic changes in some of our present farming operations — through encouragement, education, and public policies that favor the family-type farm over industrialized units — we are going to continue needing migratory workers in agriculture.

Our immediate problem, therefore, is to provide for the most efficient use of that labor, and to improve the conditions under which it is used to the extent possible. A great deal GAN be done, particularly if we provide a coordinated approach and supervision to policies of recruitment and utilization.

At present, in their search for labor which is available at wages they can afford to pay, farmers have to recruit in any way then can, wherever they can. With no really effective machinery to perform this function, "crew leaders" and "labor contractors" have appeared who furnish farm operators with labor. Some of thee contractors have performed this service with benefit to the farmer who needs labor and to the worker who needs employment. Others have performed poorly in both respects. Still

others, regretably have percitedally exploited their crews and left farmers with half-harvested crops.

Although these contractors operate over state lines, they have been unregulated or controlled by government agencies. Transportation of workers is provided in shocking disregard of safety, sanitation, or comfort. Housing, if such it can be called, is arranged by the crew leader. Not infrequently this housing is supplemented by prostitution, gambling, and the illegal sale of liquor and dope.

From an economic standpoint, the haphazard methods of labor recruitment and utilisation through the medium of the labor contractor have often resulted in a catastrophic waste of manpower and crops.

As the migratory labor system now operates in American agriculture, farmers can rarely be sure of an adequate supply of labor when it is critically needed. Workers can rarely be assured of employment, even after traveling great distances in search of work.

The aimless and often useless movement of thousands of workers with their families creates serious community and national problems.

All of us are familiar with this problem, for it certainly is not a new one. It was studied in 1936 by a subcommittee under the chairmanship of Senator LaFollette of Wisconsin. It was studied by a select committee of the House of Representatives under the chairmanship of Representative Tolan of California. It was studied in the last session of Congress by the Senate Subcommittee on Labor and Labor-Management Relations, under my chairmanship. Other studies have been made by various branches of the Executive agencies — the President's Commission on Migratory Labor in 1951 being the most recent.

The findings and recommendations of all of these groups have a remarkable similarity. The only element which was really new in the study made last year was the further complication of the problem by alien contract labor and the illegal aliens or "wetbacks".

How can these findings and recommendations continue to be ignored?

It is generally conceded by farm management that the present migratory labor supply, and its availability when needed, leaves much to be desired. This situation will not improve unless effective action is taken.

It has become generally accepted as an established fact that if orderly means for recruitment and a system of scheduled movement of migratory workers were worked out, most of the labor supply could be recruited in this country.

But it will take organized leadership to that done.

One of the first steps in that direction must be the establishment of a Federal Committee on Migratory Labor, as is proposed in our bill.

I have mentioned that at least six Federal agencies are presently engaged in activity bearing directly on migratory labor. The function of each of these agencies affects activities of the others. In addition, almost every State government has agencies operating in this field.

The function of the Federal Committee would be to act as a clearinghouse of information, and to promote coordinate famong all these agencies, none of which now has over-all responsibility.

The need for remedying present conditions is continuing to increase, rather than diminsish.

Failure to take necessary action will mean losses to farmers as well as to farm workers. These losses in turn will be felt by the nation in terms of reduced agricultural production, and wasted economic resources.

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It is my sincere hope that this legislation will be acted on by the Senate at the earliest opportunity.

I ask unanimous consent that at this point in the Record there be printed an article by Thomas L. Stokes, "A Few Dollars for Migrant Children", published in the St. Louis Post Dispatch of March 13, 1953.

# For the Public, or for the Pirates? (A Primer of Fact to the Pirates)

What is the controversy over submerged oil land all about?
Why should oil under the sea give rise to one of the
critical public policy debates of this century?

What is at stake for every American, in this offshore oil issue?

#### HERE ARE THE FACTS:

There is an estimated \$50 billion worth of oil and natural gas off the southern and southwestern coasts of our country.

That's a big stake indeed.

To four coastal states -- California, Texas, Louisiana, and Florida -- it's well worth conniving for.

But to the American people, it is worth speaking and fighting for. It's theirs, by virtue of law and history.

The Supreme Court has settled the question of legal title to oil in submerged lands off the coasts of the United States. In three different decisions, it has determined that the offshore oil reserves belong to all of the people—not just to those of four states.

The Court recognized that the federal government has consistently claimed these seas and submerged lands since Thomas Jefferson first did so in 1793.

It recognized the century-old doctrine of international law that the federal government controls the marginal seas.

It recognized the chief reason for this doctrine-the federal government controls those seas because it defends those seas, and their defense is essential to the defense of the country.

All of the people contribute to that defense.

Why should (ur states to make off with resources the whole nation protects?

#### But the oil is buried treasure!

As usual, when treasure is found, there are pirates around to grab it if they can.

The four coastal states -- and the oil companies who stand behind them -- now want the Congress to ignore the Supreme Court decisions that this treasure belongs to all the people.

They want the Congress to reverse every traditional American policy involved.

They want the Congress to ignore the interests of national security.

They want Congress to give them quitclaim deeds to these submerged oil lands.

And the Congress, unless the public intervenes, may side with the pirates and do it.

#### Why not oil-for-education instead?

Fortunately, the Congress also has before it a sensible alternative.

It is the Hill and Anderson proposals that the government's revenue from royalties on the submerged oil reserves shall be used for educational purposes in all the states.

That would mean \$319 for every school child in America!

It would be in keeping with the traditional American policy of using proceeds from the public lands for education of our children.

It would provide a means of meeting the pressing financial

needs of education when no other source is in sight.

### It would mean to the schools of Minnesota alone:

Yet Congress, instead, is seriously considering giving these offshore oil rights away:

#### HERE ARE THE FABLES:

Instead of being faced squarely, the entire issue has purposefully been confused by erroneous talk about "tidelands" and misleading use of the "states' rights" battlecry as a smokescreen.

Tidelands are the thin strip of shore land between low and high tide. Such land isn't even involved in the offshore oil controversy. Everyone agrees that this land belongs to the states.

But the four states -- behind the misnomer of "tidelands" -- also want to claim the oil reserves which lie beyond the tidelands -- beyon even the historic national three-mile-himit, out in the area known as the "continental shelf".

None of these states ever claimed any "rights" in these offshore waters, until discovery of oil.

They have claimed more and more, however, as larger oil reserves have been found to be further out in the continental shelf.

Now, they are asking control over the ocean out to 150 miles from the shore--all under the disguise of "tidelands" and "states' rights".

How much more ridiculous can they be, when international law only recognizes national sovereignity out to a three-mile limit?

But that's the tidelands fable.

"states' rights". Let from the beginning of our nation, no such state 'right' to the marginal waters has ever been recognized.

The constitutional basis of "states' rights" is an assumed equality between the states.

This equality will not be preserved by turning over \$50 billion worth of federal oil to four states.

It will, however, be preserved if all the states share equitably in the proceeds.

All of the states control their tidelands; none control more.

Why should four states ask for control of up to 150 seaward

miles?

Under the constitution, all states have entered the Union "on an equal footing" with the other states. Yet Texas now claims she reserved the ocean to herself, despite the fact that she entered the Union with no reservations.

That's the "states' rights" fable--a repudiation of the fundemental doctrine of the equality of the states.

HERE'S WHAT WE RISK:

The national security of our people is at stake. Today, in a mechanized, mobilized, and uncertain world, the United States is a net importer of oil.

We desperately need an overall petroleum policy, and our military forces must be assured of oil.

Is this any time to consider giving up control of offshore oil reserves?

Other national interests are at stake, too. All of the public lands of the United States are threatened.

The so-called 'Tidelands' bill is only the first step of a thorough-going ttack. Arrang, to bills are before the Congress to turn over other of the public lands to the states.

Since the days of Theodore Roosevelt, the United States has painstakingly built a conservation policy which is coherent and in the national interest.

Now, as a result of the 'tidelands' quitclaim bills and other attacks on the public lands, that policy faces wanton destruct ---at a time when it urgently needs extension in the interests of national security.

#### HERE'S WHAT WE CAN GAIN:

Since 1785, our government has devoted proceeds from public land for aid to education. That policy has given us the world's finest public school system.

Yet today, that school system is in grave financial danger, due to higher costs, a growing population, and the fiscal demands for defense.

Today in Minnesota, for instance, our state legislature is at its wit's end to raise money for education. If it appropriates all funds available for school construction, it would still fall short \$46 million for that item alone.

It is becoming increasingly difficult for localities to vote bond issues for education. Many local governments are at their millage limits, and cannot raise more money.

A spiraling population makes the situation even more critical.

But our rich oil reserves under the sea can provide ample

means of meeting this educational crisis, at no additional cost to
the merican taxpayer.

Under the Hill amendment, the federal government would deposit its revenues from he of the special fund, to be set aside for the educational needs of our youth.

Such a fund would involve no governmental control over education.

But the Daniels Bill will give this valuable source of revenue to the four states, in defiance of the Supreme Court, and will leave the educational crisis in the rest of the country right where it is:

#### TIME FOR THE SHOWDOWN:

The moral right of general welfare, and the legal right of established national sovereignity, are both clearly on the side of the people in asking Congress to reject the Daniels Bill, and adopt the Hill Amendment.

The American people have the record of American history and American law on their side, in their fight to preserve their public lands, to educate their children, and to provide for their defense.

This record, and the entire tradition of our public policy and general welfare, are now being called in question. They are in danger of being annulled.

Past and future are both in jeopardy.

The majority of our people are once again having to fight for the public interest.

For Record

MR. PRES Priday I had the pleasure of dedicating a new rural dial telephone system of the Farmers Mutual Telephone Company at Dawson, Minnesota, made possible through a loan under the REA rural telephone program for reorganizing and rehabilitating the system.

The occasion impressed upon me the real need for telephones on the farms of America.

Farmers need phones for more efficient farm

operation and production, and they need them for efficient

marketing. Every farm is a factory in production of food and

fiber -- how many other types of factories would think of

getting along without telephones?

Rural telephones can make an even more important contribution to fuller, richer rural life. Families need telephones for contact with their neighbors, their schools, their churches — they need them to insure the health and safety of their loved ones.

## Yet the Creates hat rural telephone

progress has failed to keep pace with other modern progress of recent decades. Sixty percent of America's farms -- over 3,300,000 families -- have no phones at all. Out of the remaining two million farmers with telephone service, perhaps one half are inadequate and antiquated -- of the 'whoop and holler' type.

Minnesota had fewer farms with telephones in 1950 than thirty years before in 1920, according to the U.S. Census figures.

REA is showing the way to reverse that trend, So far, loans amounting to \$6,911,000 have been made to 16

Minnesota firms to bring modern telephone service to 5,263

rural establishments for the first time, and improved service

to 15,067 rural subscribers. But we also have a backlog of

telephone loan applications amounting to \$5,161,515 from Minnesota,

as part of the national backlog of nearly \$100,000,000 -- th e

credit needed to extend rural telephone service.

Unless adequate formula are approved, we're not going to reverse the backward trend of rural phone service.

But what REA has done to electrify American agriculture it can also do to bring modern communication to the farmer, if free enterprise and the government will work together to best serve the needs of all.

Because I believe there is still considerable misunderstanding about the telephone program, I would like unanimous consent to have published in the Appendix of the Record the following questions and answers about how the telephone loan program works:

Mr. President, I intend to speak today on the problem of reciprocal trade. I want to set forth the reasons why a broader, more lenient, more stable United States trade policy is imperative, for our economic welfare and our ultimate national security. I want to set forth the dangers in undermining the reciprocal trade program as the Simpson Bill would like to do.

I want to explore the difficulties, as well as the benefits, of a more liberal trade policy. I want to urge on this body a consideration of American trade policy which places our world trade in what I believe is its proper perspective in the midst of our international and domestic economic problems. Finally, I want to urge certain specific needs of American trade policy.

I am going to begin with a review of the chief reasons for believing that a broader trade policy is essential to American security and welfare.

But let me first make one observation, which I hope the Senate will bear in mind as I discuss the arguments for expanding American trade.

That observation lies behind everything I am going to say today, and it is this: the decision we make on American trade policy this year will actually be a decision on world trade policy - and it will likely be irrevocable.

1) Our decision will profoundly affect world trade because American trade today totals 35% of world trade. Our decision cannot help but affect the trade and economics of the entire world - including the Soviet bloc, which is watching us carefully. The free world, and to a large extent the entire world, is an economic unit today. This means that our decision will not be a decision of this moment alone - it will bind us and will affect us for years to come. The effects of commerce are endless and the consequences far-reaching. They will return to us again and again.

2) Our decision will likely be irrevocable. For the past year, particularly, the other commercial nations of the world have been watching our leadership, waiting for our lead. If we do not ourselves lay the foundations on which stability of trade can be built, they will reluctantly turn elsewhere to trade. They will make adjustments in their economies. These adjustments will be fundamental. So let me say soberly that the markets we lose will not be easily regained.

They may never be regained. Many of our trading partners feel that it is now or never for them - if they are to adjust to new avenues of trade they must do it now.

We will have to consider our future trade policy dispassionately and soberly. But there is also a sense of urgency behind our decision; for this may be a real turning point in world trade.

Let me now take up, point by point, the main, broad reasons for a more liberal trade policy.



Much of American industry today depends heavily upon continued exports of manufactures and finished products. In 1951, 53% of American exports consisted of manufactures and finished products, exclusive of military items. Manufactures today represent the heaviest percentage of American exports. These exports of finished goods were worth \$10.2 billion in 1951, and represented heavy percentages of the total output of many American industries.

The automobile industry has long favored lower tariffs and higher trade. Textile machinery; machine tools, agricultural implements, printing, oilfield machinery; diesel engines, trucks and tractors are among our more important exports. Clearly, the industries which manufacture these goods are vital, capital goods industries - the industries upon which our economy ultimately depends. They are the industries which are generally the first to feel the effects of depressions, next to the milling and fabricating and construction industries.

These industries today are in a highly significant degree dependent upon export markets. It is clear, therefore, that so is much more of our economy: including primarily those even more basic industries which supply them with stell and other basic products.

#### II. OUR NEED FOR RAW MATERIALS

Many of these basic industries are heavily dependent upon imports for crude and raw materials. In 1951, roughly 5h% of American imports consisted of crude and semi-manufactured materials. These are vital to American industry — they are vital to American security.

Today, 40 of the 72 minerals listed by our government as "strategic and critical" are obtained chiefly through imports. The fact is that the United States is steadily becoming less self-sufficient, due to the growth of our population and consumption, and the depletion of our natural resources. As the Report of the Paley Commission, a distinguished non-partisan commission established to study our resources, put it:

By the midpoint of the twentieth century we had entered an era of new relationships between our needs and resources; our national economy had not merely grown up to its resource base, but in many important respects had outgrown it. We had completed our slow transition from a raw caterials surplus nation to a raw materials deficit nation.

The Paley Commission went on to point out that by the year 1975, our mineral requirements will be 90% higher than they are today - and that we will have to look abroad for these minerals.

It is true that, for the most part, American tariffs on raw
materials are rather low today. It is not likely that we will need to
lower many duties further. But we should be in a position to guard
against the raising of duties, and this calls for extension of the
Reciprocal Trade Agreements Act. We should not forget that a small
increase in the cost of basic raw materials to manufacturers, means a
much larger increase in the prices of finished products. It has been said
that an increase of two cents a pound in the average cost of our absic
metals would increase the national bill by about \$2.5 billion each year.

The fact is that we cannot hope for self-sufficiency in our raw materials today. And the requirements of our economy are such that there is little danger of discouraging domestic production of key minerals, even if we lower the tariffs on foreign goods. We should continue to encourage imports, and should be stockpiling against an emergency when we would have to rely upon domestic production.

#### III. FARM EXPORTS

The effect of reciprocal trade upon the American farmer is not all one way; but certain segments of our farm economy are highly dependent upon it. In 1951, our agricultural exports totaled \$h billion, or one eighth of the total cash receipts of American farmers. Of this, exports of wheat and cotton were each one third of the total crop, and exports of several other grains were not far behind.

The nations of Western Europe have had to rely increasingly upon imports of food from the . . . dollar area since the last war.

Population increases in onetime colonial areas, plus the gradual industrialisation of those areas have meant that these areas no longer export as much food as they used to. This as a permanent and continuing situation - western Europe must look elsewhere for food.

We can continue to sell food and agricultural products to Western

Europe - and thus relieve our own surpluses and maintain the prices of

certain of our agricultural products - as long as we are willing to

reduce other trade barriers so as to allow Europe to sell other goods

in our markets, But if Europe cannot sell finished and semi-finished

goods in our markets, then she will have to buy grains and other foods

elsewhere. At this moment the British are negotiating with the Russians

for large grain imports - imports which she would otherwise obtain from

the United States.

Already, Europe is developing alternative sources for the agricultural goods she has been buying from American. Australia, Africa and Turkey are making a real bid to replace the United States in our traditional farm



export markets. If this new pattern of trade is established, the American farmer will be hard hit.

This is the choice we face: we can lower certain tariffs and accept more European goods, or we can sacrifice our agricultural exports to high tariffs. For the most part, the American farmer is able to compete in world markets. So, for the most part, is American industry - but we are sometimes reluctant to recognize that American industry can compete. This costs our farmers plenty.

#### IV. EAST-WEST TRADE

Since the War, and since the Communist coups in Eastern Europe, the whole pattern of pre-war European trade has been disrupted.

Western Europe must find a way to make up for this loss of trade with East Europe - and the large American market is virtually the only adequate place left.

In this situation, the consequences of a high tariff policy in the United States are tremendous. A recent survey by the United Nations

shows that, while the Communist satellite States are by and large meeting the goals of their 5 year plans, the concess of Western Europe is slumping badly. As a recent NEW YORK TIMES article pointed out,

This is not because recovery in Western Europe has been illusory ...
but because the deterioration in Europe's polition in the world
economy has been fare greater than was appreciated when the postwar recovery plans were established...

The failure of Western Europe to develop alternative sources for dollar supplies of food and raw materials, the unwillingness of the United States to offer Europe larger and steader markets for manufactured goods, and... the vast misdirection of investment in such areas as Australia, Latin America and dependent overseas territories, have all contributed to worsening Western Europe's capacity to maintain its standard of living and employment of its people...

The survey also points out that the choice for Europe implies a choice for the United States also. The United States can accept more imports or accept a cut in its farm and industrial exports...

Heanshile, if European production is not encouraged - in part through the provision of expanded export markets - the total production of the



Soviet Union and its satellites is expected to be superior to that of Western Europe within ten years.

As a part of our Mutual Security Program, we have embargoed a large part of Western Europe's trade with Eastern Europe. Communist Eastern Europe has embargoed some more of it. But the Communists are now ready to trade with Western Europe - even if they have to make sacrifices to do it. It is a part of their long-range plan to stir up trade wars between the Western Nations, and to split off certain Western European countries economically from the rest of the free world. There can be no doubt but that continued high tariffs in this country help that plan directly.

Let us make no mistake about it — the Soviet Union will make big concessions in order to get the pattern of world trade started in her direction. She will make concessions which, for the moment, are uneconomic from her point of view. But these concessions will pay off politically in the long run. They will ask at her in the process of splitting the free world apart.

We are going to have to counter the Soviet bid - either that, or find ourselves economically, politically and militarily isolated in the not-too-distant future.

V. TRADE OR AID?

The Western European economy is vital to our own security. By 1955, at the end of the current Soviet Five Year Plan, the production of Western Europe may well spell the difference between our victory and our defeat in the Cold War. We have two choices - we can continue to pour aid into Western Europe, in order to keep their economies artificially afloat; or we can lower tariffs, encourage trade, and thus assist the European economies to find their way without American subsidies. There is, of course, a third choice, and that is to let these nations trade with the Soviet, become economically dependent upon the Soviet, and eventually to lose the productive capacity of Western Europe to the Soviet.

But it seems far more sensible to trade.

It has been well demonstrated in the past that lowering tariffs alone will not mean flooding American markets with these European specialty items. The fact is, that while these items may compete in price with American-made items, they still have to be sold to Americans. In a high-powered market like ours, price is not always the major factor in competition in many items. Salesmanship is often equally important. We can expect American enterprise, which has developed salesmanship far beyond the industry of any other nation, to hold its own, even with lower tariffs. Lower tariffs will only open the door to European industry. It will still be up to Europeans to get their foot in the door and sell to Americans.

Failing this step, we shall have to continue to subsidize Europe through the American tampayer. This is not fair to the American tampayer, or the American consumer. And neither will the Europeans like it. Perhaps some may decide that there is little to choose between the dole, and the more certain way of doing business with the Soviet. For the Europeans it is a question of survival.

# VI. STANDARD OF LIVING AND EMPLOYMENT

Foreign trade is vitally important to our own standard of living, and is of considerable consequence to high employment in the U.S.

Trade is vital to the standard of living of any Nation for the simple reason that it promotes more efficient production. It does this for two reasons: 1) it means that we can concentrate on those goods which we produce most efficiently because of local or historical factors; and 2) it promotes competition. Such competition need not be ruinous - it can be controlled, for nobedy wants to eliminate tariffs altogether. But it is important that we gain the benefits of the specialized and most efficient production of other Nations, and thus be able to concentrate on that production which we ourselves accomplish most efficiently.

Trade is also important to high employment. In the first place, we know that high employment in a free economy is attained when the standard of living is rising - and trade raises the standard of living through promoting efficient production.

Secondly, trade is vital to high employment because, under our present pattern of production and industry, the American economy is highly dependent upon certain imported goods for many of its products.

If we were anable to obtain these imports, we would be unable to produce at our present quality or quantity many of the things we now produce.

Thus, if we were unable to obtain these imports, American industry would have to undergo wast readjustments. The consequences of these readjustments would be to lower our standard of living, with severe effects upon employment.

Yet, if we do not expand our trade through lowering some tariffs, we may lose the very imports upon which we now depend. For those countries from which we import may set up their trade relationships elsewhere, since their sales to us are restricted by tariffs.

Or, further, our refusal to trade may lead once again to the type of economic nationalism which prevailed between the Wars - and which would mean severe retaliations upon our trade, perhaps cutting us off

from vital imports, and forcing or level of employment and our standard of living, down.

#### VII. THREAT TO FREE ENTERPRISE

represent 20% of all the world's trade; our imports 15% of that trade.

The effects of our trading policies are thus severe in their capacity

for good or harm to the world economy. The refusal of the United

States to trade on a sufficient scale would probably lead to the drying

up of world trade, and a reversion of world trade to the old inter-war

pattern.

That pattern was characterized by regimentation and controls - by
the substitution of politics for economics as the paramount element in
world trade. It meant that Governments, rather than businessmen,
negotiated in the world market. And this meant that every business
deal between governments was a major political event - an event which
vitally affected and often weakened phe political peace of the world.



The clogging of the channels of world trade must lead to this.

For foreign businessmen will go to their governments for protection and for aid in retaliation against our tariffs. Governments will then take over world trade - at first through tariffs, import quotas, exchange controls and blocked accounts - and later through simply doing the trading themselves.

The enforced stagnation of world trade thus means increased government control over trade - it means the regimentation which we Americans abhor. If we are interested in more free enterprise in Europe, we can promote it by promoting world trade - for state socialism has stemmed in the past from the breakdown of that trade.

And let me warn further — that we ourselves - American businessmen - may not unfortunately escape that regimentation and socialism. For, in a period of world insecurity, the American economy will have to make drastic adjustments if it is deprived of essential imports. It will be necessary to get production of essential items immediately. And this is going to mean government regimentation.



What this means is that the problems of capitalism and freedom of enterprise are international - just as our political problems are international. Let us hope that politics can be kept out of enterprise and world trade. But they cannot if world trade fails.

I am going to deal with the problem of the Soviet Union in a moment. But let me say now that the situation I have painted is the situation the Kremlin waits for - and we have the word of the Communists for that, beginning with Karl Marx, and ending with Stalin and Malenkov.

#### VIII. OUR INVESTMENTS

We have huge investments in the economic well-being of the rest of the world. Since World War II we have spent over the billion on foreign aid, and have invested considerable sums in the World Bank and the International Monetary Fund, not to mention the United Nations and its associated agencies. It seems only sensible to protect those investments, and they can best be protected by an expanded world trade policy. In fact, failing an expanded trade, those investments may well be forfeited.



For it is perfectly plain that we cannot expect continued economic recovery in Europe - where most of our foreign aid investments are - without expanded trade.

In the last two to three years, economic recovery in most of the Western European nations has slowed sharply. There have been several reasons for this, including the failure of much of Western European industry to adjust to need needs and smeands. This has been in part because of inertia, in part because of misdirected investments, in part because of inflation which has misdirected essential investments. But there has also been another reason for the slowdown in economic recovery - and this has been the failure of world trade to live up to expectations. The chief reason for this has been the stringent conditions of trade with the United States. High tariffs, complex

customs regulations and the uncertainty of tariff reductions under the recent peril point provisions have made it terribly difficult for Europeans to trade with us. And, in consequence, our investments in European recovery have been severely jeopardized.

something more than mere altruism. They are investments in our own self-interest in the future markets which American business and American farmers need now, and may well need even more in the future. We shall lose those markets for the future if we do not trade now, and we shall thus lose our gigantic investments in European economic recovery and in the economic development of many other areas of the world.

Neither can we expect continued economic development from the backward areas of the world -- or strong and continued resistance to communism from those areas -- unless they are able to trade. Our Point 4 investments are also at stake.



These, in outline, are the trading needs of the United States and of the free world. I do not believe they can be separated -- it is as clear as can be that our trade needs concern not only ourselves alone, but the entire free world. Not only our immediate needs are concerned, but also our future markets, our future strategic imports, and our future national security, viewed in the light of the economic stability of the entire free world. If we starve our allies, we shall only starve curselves in the long run. This is the economic position of the free world -- and it is a position of mutual dependence.

This becomes even clearer when we look at the announced theories and intentions of the other half of the world.

Let me say a few words about this.

The problem of the extent to which the leaders of world Communism are bound by their own dogma is probably an insoluble one for us. No doubt, they do not make every decision by consciously asking themselves what Marx, Engels, Lenin, and Stalin had to say on the problem at hand. But nevertheless, all Soviet decisions take place in the light of past decisions and planning, and all these are to some extent based on the Marxist dogma. And certainly, the announced plans of the Kremlin are important for us to bear in mind when we make our own decisions on foreign policy.

The Communists have always looked for trade wars within the free world; they have always viewed the free world as an economic unit which they should attempt at all costs to divide. This point of view dates from the period of the Russian Revolution, when Communism acquired a basis of power in the world.

It had its beginning in Lenin's <u>Imperialism</u>, written shortly before the Revolution. In that work, Lenin set forth

the view that capitalism had reached the stage of monopoly and finance-capitalism. In this stage, he said, domestic markets become saturated, and giant trusts seek to divide world markets among themselves. He predicted that the great capitalist powers would inevitably quarrel over world markets, and that wars would inevitably follow. Communists have thus looked upon both World Wars as capitalist wers, and as wars which further break down the system of free enterprise, weaken the free part of the world, and prepare the way for world Communism.

Stalin himself has always followed this theory. He wrote that the free world was one entire capitalist system, the various nations of which are interdependent. Capitalism, for Stalin, existed on a world scale, and this thinking conditioned all his strategy. The key objective, in Stalin's revolutionary theory, has been to attack world capitalism at its weakest link.

There were, for Stalin, two main points of attack on the free world. One of these was the colonies. Stelin believed

colonialism results in one contradiction of the capitalist system -- it gave rise to colonial revolts, by which Communism could benefit. Hence the Communist wars and trouble-making in Indo-China, Iran, and other areas.

The second point of attack was to be through rivalry for trade and markets between advanced free capitalist nations — what Stalia called the second "contradiction" of capitalism. It has been a long-time Communist objective to split certain nations away from the free world, wherever they could do so.

In the light of this background, it is not so

difficult to understand the recent Communist "peace offensive."

In April of 1952, the Communists held their much-publicized

"International Economic Conference" in Moscow. At this

Conference they made every effort to bid for trade with the

western world, and to wean away from the western world those nations

who had cast their economic and trading lot with the United States.

Then, in October of 1952, the Russian Communist Party held its 19th Party Congress. It was for this Congress that Stalin himself produced his first major theoretical work in several years — a work that hinted broadly at a coming change in Soviet foreign policy. Just before the Congress, Stalin published an article in BOLSHEVIK — the major theoretical journal of the Communist Party.

There are several interesting things about this article. The significant thing for Americans, and the thing which skilled western observers quickly noted, was that in two chapters of this work Stalin laid down the line for a change in the tactics of Soviet foreign policy.

In these chapters Stalin made two main points. The first was that war between Communism and Capitalism was not inevitable — immediately, at least. Communism could still look for competition for markets between the capitalist nations, and

for the trade wars and shooting wars which follow this competition, according to the Marxist theory. Stalin also stated that the economic war waged by the west upon the Iron Curtain countries had in fact brought the Communist world closer together, and, he said, expanded their economies.

Stalin's second point followed from the first -Soviet foreign policy, he said, should seek to aggravate the
economic differences of the western world in order to split
off certain areas from it. The areas which Stalin mentioned
specifically were Western Europe and Japan. Soviet foreign
policy, he said, should seek to isolate the United States from
its allies.

#### X. THE SOVIET MOONOMY

Lest fall, at the 19th Communist Party Congress,
the Soviet Union launched a new Five Year Plan. In that connection,
the then General Secretary of the Communist Party and now Premier,

Georgi Malenkov, save a live-and-a-half hour speech, in which he reviewed the state of the Soviet economy.

The Soviet economy today is at the highest point in its history. In the seven years since the war, Russia has tripled production of pig iron, steel, electric power. It has doubled its production of coal, and increased production of petroleum 15% above 1945. It seems likely that heavy industrial output in the Soviet Union today is roughly double that of 1940.

This vast expansion was achieved at considerable sacrifice in consumer goods, however. Production of shoes and cotton textiles increased only 20% and 30% in the same period, and food production increased hardly at all. Tet, at the same time, the Soviet population has increased nearly 10%. Obviously, the consumers' sacrifices have been severe. Experts believe that Soviet military production today may very well exceed.

United States military production. There can be no doubt as to



the direction of the Soviet economy. And, under the new Five Year Plan, the Russian economy will turn still more sharply to military production.

Two months ago FORTUNE magazine published an extremely valuable and revealing account of this plan — a Five Year

Plan of which two years are "retroactive," and which is scheduled to end in 1955!

This article reveals that the Soviet Union plans "to increase military expenditure until it at least doubles that of 1950, and surpasses the heaviest Soviet World War II outlay." It reveals that the Soviet plans an army of perhaps double the size of the American army today. It reveals that the Soviet plans to increase gross industrial output by 70% over 1950. It reveals that the satellites are to double their output over 1950.

It also reveals that this cannot be done without some

1

severe strains. The Flan has led to extreme conflict between the need for military goods and consumers' goods in the Soviet Union. Given more time, Russia might settle this conflict.

The Soviet transportation system is seriously inadequate, especially while Russia has to supply China and the Far East with arms and industrial output. Given more time, Far Eastern industrial potential could be improved — and given peace, China could trade with Japan.

Present production plans in the satellite states call for wasteful duplication of industrial development among those states. Given time, some of these economies could be more fully integrated.

Russia is short of some essential raw materials,
such as tin, nickel, rubber, and oil. The satellites are much
worse off for several raw materials. If they are to fulfill
their production plans, they will have to get raw materials and

labor from somewhere. But where?

The answer is, trade with the west, if such trade can be made possible. The East European countries in particular, miss the trade which they have historically carried on with Germany. Communist China also, has suffered from the loss of historic Chinese trade ties with Britain and Japan. Russia is caught in a squeeze in trying to supply both Eastern Europe and the Far East, and she finds her transportation system unable adequately to bridge the vast distances between industrial western Russia and her Chinese dependent.

Communist trade with the West can help the Soviet solve her difficulties. And, what is more important, Communist trade with the West can be the Communists' most effective weapon of economic warfare.

If this analysis is correct, then Communism will now seek, by every means at its command -- and there are many -- to

promote disunity among the free nations. This means, primarily, economic warfare.

#### XI. A PROGRAM TO COUNTER THE SOVIET

I give this description of Communist policy simply to show that the problems of the free world — and of the free enterprise world — are in fact international. They are international because all of the free nations are dependent upon others not only for markets, but for essential raw materials. They are international, in the second place, because the Kremlin makes them so — the Soviet will keep the pressure on, and will try its best to split us from our allies. In doing so, it will rely heavily upon economic inducements.

In the middle of April, you may remember, the United Nations sponsored a series of economic conferences between East and West at Geneva. At these conferences, the Russians followed up their new line of foreign policy with some very

solid inducements to the West. I should like to read a few lines
from a report on this conference by Michael Hoffman, the
economics expert of the NEW YORK TIMES, under the title "Soviet
Shrewdly Capitalizes on West's Trade Troubles."

"As more details of last week's trade consultations (in Geneva) between nonpolitical officials of Eastern and Western European governments became available evidence has accumulated that the Russians and their allies are now playing a shrewd game designed to capitalize on the growing frustration in Western Europe over the United States' trade policy. "Instead of forcing the Western Europeans into line with the United States by trying bluntly to squeeze out of them goods that flagrantly violate the common Western rules about shipping strategic items to Communist countries, they are concentrating on precisely those items on which the United States teriff is highest. Almost without exception the attraction to Western officials of these discussions ... consists in the fact that outlets for products that cannot be exported to the non-Communist world are becoming dimly visible in the East."

I ask unanimous consent that the whole article be printed in the body of the Record at this point.

The lesson of Soviet economic policy for the West is that the problems of free enterprise are truly international—that our security and survival depend upon our working out solutions for these problems together with the other nations of the free world.

One way we can do this is through a more liberal trade policy. If we close our doors to trade, the nations of Western Europe may have to turn to the East for markets, food and raw materials. If we close our doors to trade, the nations of Asia — in whom we have invested millions in foreign aid, and on whom we depend for strength on the borders of Communism — these nations may have to turn to their Soviet neighbor for trade, and they will then be swallowed up.

Let us further remember that those nations who have to depend upon trade with the Soviet will have to conduct much

of their trade through their governments. Eventually, this means government controls. How better could the Soviet subvert free enterprise? And how can we better make free enterprise thrive then to open our doors to trade?

Free enterprise, from the days of Adam Smith, has always been international. The United States, as the leading business nation of the world, and the political leader of the free world, should recognize this fact.

During this period of the Soviet peace offensive our foreign trade policy is an absolutely vital aspect of our entire security program. In adequate foreign trade policy, and adequate provision for our military defense should be the twin arms of our foreign policy. This is so because the two main arms of Soviet policy are economic warfare, and wast military expansion.

We must counter the Soviet at these points.

# Minnesota Historical Society

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