

TRADE ADJUSTMENT AMENDMENT PROPOSED ON RECIPROCAL TRADE PROGRAM

Senator Hubert H. Humphrey (D., Minn.) today announced that he would offer a "trade adjustment" amendment to pending Reciprocal Trade Agreements legislation to assist "certain industries which might be temporarily adversely affected by liberalization of our trade policy."

Addressing the Independent Bankers Association Convention in Dallas, Texas, the Senator stressed the "vital interrelationship of a dynamic national economy, an expanded mutual security program, and liberalized foreign trade effort.

"The trade policy of the U.S. is clearly in serious trouble in the Congress," Senator Humphrey declared. "In my opinion it is absolutely essential that the Reciprocal Trade extension be passed without crippling amendments. If we present to the world a mutilated trade program we will have taken a step to discourage free world unity at the very time when the Soviet Union is in the midst of a trade offensive, however phoney it may be.

"Obviously, the closer our economic relations with our allies the more stable our political and military ties will be; contrariwise, the weaker our economic relations, the less effective our political and military unity against Soviet imperialism.

"There are also compelling domestic reasons for a liberal trade policy, since American ingenuity in most fields easily competes in world markets.

"However, there are certain selected and very limited industries which might be temporarily adversely affected by changes in our trade policy. It is my opinion that the federal government should assist industries, workers and communities so affected to readjust to more competitive lines. In past Congresses I have introduced a comprehensive trade adjustment program. In my opinion this would be a far better solution than the various amendments which are presently being offered.

"Therefore, I announce here and now," Senator Humphrey stated, "that I shall propose the Trade Adjustment Program as an amendment to the reciprocal trade bill when it comes before the Senate for consideration. Together they will provide a strong, imaginative trade package which the Congress should endorse and the Administration should support in the interest of a strong free world and of a rising living standard for us all."

"The trade adjustment program would establish a government-wide 'adjustment assistance' board which would be empowered to assist communities, workers, and industries adversely affected by trade policy to readjust to more competitive lines," Senator Humphrey explained. "The program would provide that if the President in the overall national interest disregards the 'escape clause' or 'peril point' findings of the Tariff Commission, he could at the same time authorize the Board to extend the following benefits to U.S. communities and industries which are hurt by foreign competition:

1. The government would finance technical assistance to companies and communities needing it, to encourage diversification. Engineers, market researchers and other technicians would be financed for expert surveys out of federal funds. Easier tax provisions for building new plants would be allowed, and import firms would be encouraged to enter such communities to stimulate new markets.
2. Under present law, jobless payments last for varying periods up to 26 weeks. The trade adjustment program provides that these payments would be extended for an additional 26 weeks over authorized state limits.
3. Workers would be provided counseling, placement and special training allowances, coupled with special moving allowances for workers seeking employment in other areas and fields.

For Release: Sunday, March 9

Senator Humphrey emphasized that our current domestic economic relapse renders the challenge in the field of foreign trade even more critical.

"The situation is all the more urgent because of the recession now engulfing us at home," the Senator declared. "One way to keep American workers at work is to maintain our export markets abroad. Obviously since the United States exports far more than it imports, there are more workers employed in our export trade than could possibly be adversely affected by import competition.

"One of the grandiose fallacies of the High Tariff - Protectionist argument has always been that higher tariffs protected American jobs. For every possible job they ostensibly protect, two or three are lost through retaliatory tariff restrictions abroad against our exports. It is shocking indeed to realize that our good neighbor and best customer, Canada, has recently moved to boycott American goods because we have set up so many barriers to Canadian exports.

"Not only will an expanded reciprocal trade program help America recover from the recession, but it is required by the international political facts of life. Trade is now a primary weapon in the arsenal of the Communist economic offensive. Trade missions from the Soviet Union, Communist China, and the satellite countries have been busy, especially in the uncommitted countries of Asia and the Middle East. The number of trade agreements negotiated between the Communist bloc and other countries has more than doubled since 1953.

"In the face of common sense economics at home and the Communist offensive abroad, let us not respond with an inconsistent, ostrich-like trade policy of high tariffs and threats of higher ones. To help those American industries which have a legitimate grievance against low-cost foreign competition, the Trade Adjustment Act which I have sponsored in Congress would be an effective temporary cushion during the adjustment period. That Act would not be a permanent subsidy, but justifiable temporary assistance to help industries over the hump of accommodation to a new period of economic life."

Meanwhile, Senator Humphrey declared, "we move on other fronts to halt the recession we are now suffering. Partly for want of sound programs and partly because of rampant influences of selfish interests, an estimated five million Americans, with many dependents, are totally unemployed. Uncounted additional millions are working only a few hours per week. Farmers suffer depressed conditions. Bankruptcies are at the highest rate in our history, business failures at a rate equal to the early 1930's. Steel production is at only fifty some odd percent of capacity.

"You know as well as I," Senator Humphrey told his banking audience, "that tight money has worked a severe hardship on small business and has given large corporations even a bigger advantage over their small competitors.

"Another factor in the present recession and increased unemployment," Senator Humphrey continued, "is contained in the budget. Percival F. Brundage, Director of the Bureau of the Budget, sent orders to agency heads last summer to hold spending in line with fiscal 1957. This order, which came to light despite the efforts of the Administration to keep it quiet, meant a cut in spending of over \$2 billion from what the President in January had recommended. Although the President told the American people that his budget of \$71.8 billion for 1958 provided 'funds for all necessary Government activities on a reasonable scale,' his Budget Director directed agency heads to start cutting.

"A recession here can amount to a major Communist victory. It could be more important than winning the missile race," Senator Humphrey stated. "We cannot afford to permit this recession to continue to risk the very real threat of a depression. It is time we take off our blinders and see what is happening. The Soviet Union's sputniks, if nothing else, should have made us realize that we are facing a foreign power with tremendous scientific knowledge, productive capacity, and know-how. We can no longer afford to remain complacent. In the past year alone it is reported that the Soviet economy expanded by ten percent and if the present trend continues the Soviet Union will match us in the entire economic field within a generation.

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"It is time," Senator Humphrey declared, "for America to realize that there are worse things in life than an unbalanced budget -- and one of them is the loss of our fight against Soviet totalitarianism. Freedom must take priority over balanced budgets and reduced expenditures."

Turning, in conclusion, to mutual security, Senator Humphrey declared: "We will have to recast our whole foreign aid program so that it goes to the people who need it most and goes to increase liberty. Then we can negotiate realistically with the Soviets and the Chinese for peaceful settlements of outstanding disputes because they will then no longer be able to gain from the lack of settlements."

Ten proposals were listed by Senator Humphrey to improve our foreign aid program:

"(1) Placing it on a continuous 'perhaps 10-year effort' toward positive goals, rather than a 'spastic year-to-year effort';

"(2) Placing the program under the direction of men aware they are dealing with a social revolution, men who know what reform is and how to get it, men infused with enthusiasm for practical working democracy;

"(3) Working in the closest cooperation with our NATO allies, endeavoring to enlist their support and agreement on joint efforts in the mutual security field;

"(4) Divorcing military aid from our economic and technical assistance programs so that the latter are not overshadowed or adversely conditioned by the former;

"(5) Tying our aid program more closely to the work of the United Nations technical agencies, and increasing our participation in multi-lateral projects;

"(6) Expanding our foreign aid program as our own national income expands, with concentration on long-term, low-rate loans;

"(7) Emphasizing aid to free nations which are deliberately, successfully planning to increase the democratic life of their people;

"(8) Including measures to finance a certain amount of consumer credit, so that hungry people do not have to wait a lifetime before their lot is improved;

"(9) Extending the use of our food and fiber reserves under Public Law 480 for enlightened foreign policy objectives.

"(10) Making a special effort immediately to double the Administration's program for assistance to India by providing the extra \$250 million which India needs to insure the success of its second five-year plan. The loss of India could well mean the surrender of Asia to Communism.

TRADE ADJUSTMENT AMENDMENT PROPOSED
ON RECIPROCAL TRADE PROGRAM

Senator Hubert H. Humphrey
Democrat, Minnesota

INDEPENDENT BANKERS ASSOCIATION

Dallas, Texas
March 8, 1958

The trade policy of the U.S. is clearly in serious trouble in the Congress. In my opinion it is absolutely essential that the Reciprocal Trade extension be passed without crippling amendments. If we present to the world a mutilated trade program, we will have taken a step to discourage free world unity at the very time when the Soviet Union is in the midst of a trade offensive, however phoney it may be.

Obviously, the closer our economic relations with our allies the more stable our political and military ties will be; contrariwise, the weaker our economic relations, the less effective our political and military unity against Soviet imperialism.

There are also compelling domestic reasons for a liberal trade policy, since American ingenuity in most fields easily competes in world markets.

However, there are certain selected and very limited industries which might be temporarily adversely affected by changes in our trade policy. It is my opinion that the federal government should assist industries, workers and communities so affected to readjust to more competitive lines. In past Congresses I have introduced a comprehensive trade adjustment program. In my opinion, this would be a far better solution than the various amendments which are presently being offered.

Therefore, I announce here and now that I shall propose the Trade Adjustment Program as an amendment to the reciprocal trade bill when it comes before the Senate for consideration. Together they will provide a strong, imaginative trade package which the Congress should endorse and the Administration should support in the interest of a strong free world and of a rising living standard for us all.

The trade adjustment program would establish a government-wide 'adjustment assistance' board which would be empowered to assist communities, workers and industries adversely affected by trade policy to readjust to more competitive lines. The program would provide that if the President in the overall national interest disregards the 'escape clause' or 'peril point' findings of the Tariff Commission, he could at the same time authorize the Board to extend the following benefits to U.S. communities and industries which are hurt by foreign competition:

1. The government would finance technical assistance to companies and communities needing it, to encourage diversification. Engineers, market researchers and other technicians would be financed for expert surveys out of federal funds. Easier tax provisions for building new plants would be allowed and import firms would be encouraged to enter such communities to stimulate new markets.
2. Under present law, jobless payments last for varying periods up to 26 weeks. The trade adjustment program provides that these payments would be extended for an additional 26 weeks over authorized state limits.
3. Workers would be provided counseling, placement and special training allowances, coupled with special moving allowances for workers seeking employment in other areas and fields.

The situation is all the more urgent because of the recession now engulfing us at home. One way to keep American workers at work is to maintain our export markets abroad. Obviously since the United States

exports far more than it imports, there are more workers employed in our export trade than could possibly be adversely affected by import competition.

One of the grandiose fallacies of the High Tariff - Protectionist argument has always been that higher tariffs protected American jobs. For every possible job, they ostensibly protect, two or three are lost through retaliatory tariff restrictions abroad against our exports. It is shocking indeed to realize that our good neighbor and best customer, Canada, has recently moved to boycott American goods because we have set up so many barriers to Canadian exports.

Not only will an expanded reciprocal trade program help America recover from the recession, but it is required by the international political facts of life. Trade is now a primary weapon in the arsenal of the Communist economic offensive. Trade missions from the Soviet Union, Communist China and the satellite countries have been busy, especially in the uncommitted countries of Asia and the Middle East. The number of trade agreements negotiated between the Communist block and other countries has more than doubled since 1953.

In the face of common sense economics at home and the Communist offensive abroad, let us not respond with an inconsistent, ostrich-like trade policy of high tariffs and threats of higher ones. To help those American industries which have a legitimate grievance against low-cost foreign competition, the Trade Adjustment Act which I have sponsored in Congress would be an effective temporary cushion during the adjustment period. That Act would not be a permanent subsidy, but justifiable temporary assistance to help industries over the hump of accommodation to a new period of economic life.

Meanwhile, we move on other fronts to halt the recession we are now suffering. Partly for want of sound programs and partly because of rampant influences of selfish interests, an estimated five million Americans, with many dependents, are totally unemployed. Uncounted additional millions are working only a few hours per week. Farmers suffer depressed conditions. Bankruptcies are at the highest rate in our history, business failures at a rate equal to the early 1930's. Steel production is at only fifty some odd percent of capacity.

You know as well as I that tight money has worked a severe hardship on small business and has given large corporations even a bigger advantage over their small competitors.

Another factor in the present recession and increased unemployment is contained in the budget. Percival F. Brundage, Director of the Bureau of the Budget, sent orders to agency heads last summer to hold spending in line with fiscal 1957. This order, which came to light despite the efforts of the Administration to keep it quiet, meant a cut in spending of over \$2 billion from what the President in January had recommended. Although the President told the American people that his budget of \$71.8 billion for 1958 provided 'funds for all necessary Government activities on a reasonable scale.' his Budget Director directed agency heads to start cutting.

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It is time we take off our blinders and see what is happening. The Soviet Union's sputniks, if nothing else, should have made us realize that we

are facing a foreign power with tremendous scientific knowledge, productive capacity and know-how. We can no longer afford to remain complacent. In the past year alone, it is reported that the Soviet economy expanded by ten percent and if the present trend continues the Soviet Union will match us in the entire economic field within a generation.

It is time for America to realize that there are worse things in life than an unbalanced budget -- and one of them is the loss of our fight against Soviet totalitarianism. Freedom must take priority over balanced budgets and reduced expenditures.

Turning in conclusion to mutual security, we will have to recast our whole foreign aid program so that it goes to the people who need it most and goes to increase liberty. Then we can negotiate realistically with the Soviets and the Chinese for peaceful settlements of outstanding disputes because they will then no longer be able to gain from the lack of settlements.

Ten proposals are listed to improve our foreign aid program:

1. Placing it on a continuous 'perhaps 10-year effort' toward positive goals, rather than a 'spastic year-to-year effort;'
2. Placing the program under the direction of men aware they are dealing with a social revolution, men who know what reform is and how to get it, men infused with enthusiasm for practical working democracy;
3. Working in the closest cooperation with our NATO allies, endeavoring to enlist their support and agreement on joint efforts in the mutual security field;

4. Divorcing military aid from our economic and technical assistance programs so that the latter are not overshadowed or adversely conditioned by the former;
5. Tying our aid program more closely to the work of the United Nations technical agencies, and increasing our participation in multi-lateral projects;
6. Expanding our foreign aid program as our own national income expands, with concentration on long-term, low-rate loans;
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8. Including measures to finance a certain amount of consumer credit, so that hungry people do not have to wait a lifetime before their lot is improved;
9. Extending the use of our food and fiber reserves under Public Law 480 for enlightened foreign policy objectives.
10. Making a special effort immediately to double the Administration's program for assistance to India by providing the extra \$240 million which India needs to insure the success of its second five-year plan. The loss of India could well mean the surrender of Asia to Communism.

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Speech Sections
on
American Economy and Its Effect on Foreign Policy

Remarks before
Annual Convention of Independent Bankers Association
Dallas, Texas
March 8, 1958

Nothing in the economic field is more important right now than a full public understanding of the vital interrelationship of a dynamic national economy, an expanded mutual security program, and liberalized foreign trade effort. Tonight I should like to discuss these three key factors. Let me ^{turn} ~~to~~ trade policy first.

The trade policy of the United States is clearly in serious trouble in the Congress. In my opinion it is absolutely essential that the Reciprocal Trade extension be passed without crippling amendments. If we present to the world a mutilated trade program we will have taken a step to discourage free world unity at the very time when the Soviet Union is in the midst of a trade offensive, however phoney it may be.

Obviously, the closer our economic relations with our allies the more stable our political and military ties will be; contrariwise,

*Secret
Trade
offensive*

Weak Economic relations = less effective Pol. ties!

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*Domestic Reasons
For Liberal
Trade
Policy*

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However, there are certain selected and very limited industries which might be temporarily adversely affected by changes in our trade policy. It is my opinion that the federal government should assist industries, workers and communities so affected to readjust to more competitive lines. In past Congresses I have introduced a comprehensive trade adjustment program. In my opinion this would be a far better solution than the various amendments which are presently being offered.

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*Like
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provisions for building new plants would be allowed, and

import firms would be encouraged to enter such communities to stimulate new markets.

2. Under present law, jobless payments last for varying periods up to 26 weeks. The trade adjustment program provides that these payments would be extended for an additional 26 weeks over authorized state limits. (52 weeks)

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The situation is all the more urgent because of the recession now engulfing us at home. One way to keep American workers at work is to maintain our export markets abroad. Obviously since the United States exports far more than it imports, there are more workers employed in our export trade than could possibly be adversely affected by import competition.

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*Recip Trade
recovery*

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II
NATIONAL ECONOMY

Recession

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Farms
Bankruptcies

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Tight
money

Budget

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productive capacity, and know-how. We can no longer afford to

(14)

III

MUTUAL SECURITY

MSA - What it is!!

Turning, in conclusion, to mutual security, we have to recast our whole foreign aid program so that it goes to the people who need it most and goes to increase liberty. Then we can negotiate realistically with the Soviets and the Chinese for peaceful settlements of outstanding disputes because they will then no longer be able to gain from the lack of settlements.

Here are ten proposals to improve our foreign aid

program:

Long Term

1. Place it on a continuous -perhaps 10-year effort - toward positive goals, rather than a 'spastic year-to-year effort'.

2. Place the program under the direction of men aware they are dealing with a social revolution, men who know what reform is and how to get it, men infused with enthusiasm for practical working democracy.

3. Work in the closest cooperation with our NATO allies,
endeavoring to enlist their support and agreement on joint efforts
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4. Divorce military aid from our economic and technical
assistance programs so that the latter are not overshadowed or
adversely conditioned by the former.

5. Tie our aid program more closely to the work of the
United Nations technical agencies, and increase our participation
in ^{U.N.} ~~multi-lateral~~ projects.

6. Expand our foreign aid program as our own national
income expands, with concentration on long-term, low-rate loans.

*Be Credible
action*

7. Emphasize aid to free nations which are deliberately,
successfully planning to increase the democratic life of their
people.

8. Include measures to finance a certain amount of con-
sumer credit, so that hungry people do not have to wait a lifetime

before their lot is improved.

Food

L

9. Extend the use of our food and fiber reserves under

Public Law 480 for enlightened foreign policy objectives.

10. Make a special effort immediately to double the

India

Administration's program for assistance to India by providing

the extra \$250million which India needs to insure the success

of its second five-year plan. The loss of India could well mean

the surrender of Asia to Communism.

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Mr. President, recently it was my privilege to address the Independent Bankers Association of America at Dallas, Texas, on the occasion of its 24th Annual Convention.

This organization of independent bankers represents the economic life line of thousands of rural communities, villages, and smaller cities. The independent banker is possibly closer to what is going on in the American economic system than any other observer. He represents free enterprise; he represents community and civic responsibility. He is the symbol of the American monetary and credit system.

The program of the 24th Annual Convention of the Independent Bankers Association reveals the deep concern which these important business leaders have over recent developments in the American economy. I note in particular the address by Professor John Kenneth Galbraith, entitled "Does Monetary Policy Really Work?", along with the address of Mr. Watrous H. Irons, President of the Federal Reserve Bank of Dallas, on the subject of "Business Developments and Credit Policy".

It was my privilege to speak to this splendid organization on the subject of "Our American Economy and Its Effect on Foreign Policy". I was presented to the banquet audience by Mr. R. L. Mullins, President of the

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Wolfe City National Bank of Wolfe City, Texas. In his introduction Mr. Mullins appropriately noted that the 84th Congress had passed the Bank Holding Company Act of 1956. The Independent Bankers Association had sought for better than fourteen years to have this important banking legislation passed by Congress. It is in fact a Magna Charta for independent banks. It has as its purpose the preservation of the independent banking system and the prohibition of the growth and development of the bank holding company apparatus.

The President-elect of the IBA is Mr. R. E. Gornley of the Georgia Savings Bank & Trust Company of Atlanta, Georgia. I ask unanimous consent to have printed in the Record the Association Officers and Executive Council.

I also ask unanimous consent to have printed at this point of the Record excerpts of my address.

Also, I ask unanimous consent to have printed a recent article by Sylvia Porter, entitled "U.S. Economy Needs Fruits of Foreign Aid". Miss Porter's article fortifies the points that I sought to develop in my address to the independent bankers.

Finally, I wish to pay a special tribute to a fellow Minnesotan, Mr. Ben DuBois, Secretary of the IBA, from Sank Centre, Minnesota, and to his Assistant, Mr. Howard Bell. Mr. DuBois is a dedicated servant of an^d

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crusader for independent banking. He typifies that spirit of rugged individualism with a social conscientiousness that has made America's smaller communities areas of opportunity and friendliness.

March 12, 1958



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