

RECIPROCAL TRADE

Remarks of Senator Hubert H. Humphrey
to the National Conference of
Organizations on International Trade
March 27, 1958

It is no secret that in recent weeks I have expressed some serious doubts that the reciprocal trade program can be renewed in this Congress without crippling amendments. This great conference today provides some hope that my doubts may be unwarranted. I wish to assure you that I have no desire in this important matter to be a true prophet. With your help, we may hope that a sound, constructive reciprocal trade program will be enacted this year.

It will not be easy, however. If I don't leave any other word here today, I want to assure you that your opponents in this matter are doing their usually good job. The pressure is terrific. Those who have been working hard for a long time to destroy the reciprocal trade program are today working harder than ever. The high-tariff lobbyists are busy not only in Washington. They are active all across the United States. They are taking advantage of every difficulty which industry may be facing. They are almost gleeful that we have a recession at this time. They keep repeating over and over again this simple message, "Low-cost foreign labor threatens the jobs of American workers." Too many Americans are falling for this line, and they are letting us in the Congress know how they feel.

Make no mistake about it. The reciprocal trade program is in trouble today. But it need not be. If all the proper and sensible things that are being said today at this conference could be told to the American people, I am confident that they will start speaking out in support of--rather than in opposition to--the program.

The nature of the protectionist lobby has been clear for a long time. More than 40 years ago Woodrow Wilson declared: "Washington has seldom seen so numerous, so industrious and so insidious a lobby. *** There is every evidence that money without limit is being spent to sustain this lobby. *** Great bodies of astute men seek to create an artificial opinion and overcome the interest of the public for their private profit."

This warning against the protectionist lobby is just as important today. Its steady pressure on Congress has resulted in recent years in a series of amendments to the Reciprocal Trade Agreements Act which have gradually altered the act from its true purpose. Protectionist devices have been added to the act, some, I regret to say, with the blessings of the administration. Others, even more serious, are again threatening the act.

Therefore, I especially applaud this conference today. It has brought together men and women from both sides of the political aisle, from industry and from labor, from farm groups and church groups. Through these organizations we must counteract the deliberately concocted half-truths and untruths about our foreign trade program. Through these organizations we must make every effort to have the American people understand some simple economic facts of life. Let me list briefly for you a few of these basic facts:

1. The Communists are engaged in an economic offensive which in the long run may constitute a greater danger than all their sputniks and intercontinental ballistic missiles. As far back as 1952 their strategy for spreading communism shifted from military aggression to an economic and diplomatic offensive. It was Stalin himself who proclaimed the new economic warfare as the means whereby

communism would eventually dominate the world. Last year Khrushchev stated frankly, "We declare economic war on you Americans." Every year the Soviet economic offensive is being stepped up. Whether it be the need for investment capital, requests for technical assistance, or negotiation of trade agreements, the Soviets have shown determination and skill.

Trade has been a primary weapon in the arsenal of this 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.

The tragedy is that at the very time the Communists are stepping up their use of trade as a weapon against us in the cold war, we are helping them by weakening our own most effective instrument for promoting trade among the free nations of the world. I do not doubt for a split second that the overwhelming majority of free and uncommitted peoples would prefer to trade with us. You cannot blame them, however, if our protectionist tendencies drive them to deal with the Russians instead.

2. A second consideration in our foreign-trade program is its importance for the continued economic and political well-being of the free world. Nearly every nation in the non-Communist world needs to buy more products from the United States than we need to buy from them. If these other nations cannot sell goods for American dollars with which in turn to purchase American products, 1 of 3 things must happen. We must loan or give them the dollars that they need with which to buy from us; or, if they are caught in an inflationary situation, with consequent weakness to themselves and to the entire free world; or, as we have seen, they are compelled to deal with the Communist bloc or to develop arrangements among themselves, such as the European common market.

A CHALLENGE AND AN OPPORTUNITY

Our people do not fully understand the importance to other countries of the products they sell to us. We are so big and so diversified in our production that we sometimes forget that other countries depend very heavily upon one or just a few products. Every time we invoke the escape clause, some nation or nations suffer. Some of our best friends--Norway, Sweden, Switzerland--have been among the nations thus affected. Imagine the howls that would go up in this country if because of the actions of some other country our entire economy were suddenly threatened.

Our friends abroad want to stand on their own feet. We have been glad to help them through the Marshall plan and other types of aid. But in the final analysis, their economic well-being will depend upon the growth and strengthening of the industries which they are best qualified to maintain. We must help them achieve such a goal.

3. A third consideration--one which the tariff lobby so conveniently forgets to discuss--is the importance of trade to American industry, American workers, and the American consumer. To listen to the tariff lobby trade is a one-way street--there are low-cost imports flooding the American market, nothing more. But the United States not only imports, we export as well. In fact, our exports far exceed our imports. Last year's exports are reported total more than \$20 billion, while imports were slightly more than \$13 billion.

SEVEN BILLION DOLLARS PLUS

Of all the statistics being thrown around in this great debate on reciprocal trade, one stands out with a significance that dwarfs all others. But do the protectionists even try to explain what would happen to the $4\frac{1}{2}$ million jobs dependent today upon American exports if they had their way with high tariff walls?

Far more workers would be affected by the cutback in exports than would possibly be affected by gradually increased imports. If this were understood, workers in industries whose products are sold abroad

would be writing us in Congress urging that the tariff be lowered.

The American labor movement has again demonstrated its statesmanship and its understanding in backing the reciprocal trade program. This morning you heard a splendid address by my friend, President Dave McDonald of the United Steelworkers. He put the whole problem in proper perspective when he declared that labor supports the program first and foremost because it is good for America and for the entire free world. But then he pointed out so clearly that it is a simple matter of enlightened self-interest for millions of American workers.

Dave McDonald, like the great majority of labor leaders in this country, has thus demonstrated that idealism and practicality can go hand in hand. And he demonstrated this in a very concrete way when he discussed the trade adjustment program.

America owes a debt to President McDonald for the pioneering role he played, as a member of the Randall Commission, in developing the concept of trade adjustment. I have been proud to be associated with the program from the very beginning. In 1955, I offered a trade adjustment amendment to the Reciprocal Trade Act during Senate consideration of its renewal. My amendment lost then, but I am hoping for success when I offer it again this year.

At the risk of seeming to inject a partisan note in this non-partisan meeting, I cannot for the life of me understand the administration's failure to endorse the trade adjustment program--although there seems to be some disagreement among Government spokesmen. I am pleased to note that Secretary of State Dulles, in his appearance before the Ways and Means Committee, endorsed the program in principle. But the two administration spokesmen who should be best acquainted with the needs of American industry and American workers--the Secretary of Commerce and the Secretary of Labor--have reflected official administration resistance.

Only yesterday, however the President was asked by John Herling of Editors' Syndicate whether he would support a trade adjustment amendment. The President indicated that he was not familiar with the proposal. This at least gives me some hope that when he does take a look at this important proposal he will give it his blessing--even though some of his Cabinet members have presumed to speak adversely for the administration on this subject.

Despite some disagreements with Secretary Dulles in the past, and despite my great fondness for Secretary Mitchell, I say in all candor that in this case I hope the President takes the advice of Mr. Dulles rather than that of Mr. Mitchell.

With all sincerity and good will I call upon the President of the United States to take a good look at the Trade Adjustment proposals. He should support it for two reasons. First, it is a proper and reasonable proposal for meeting the special problems of industries and communities and workers who are in fact affected by our trade policies. Since it is in the national interest that we aim to lower tariffs, it should be a matter of national responsibility to provide relief to those affected. The cost will be minimal--and the benefit to the program will be substantial. Secondly, the very fate of the Reciprocal Trade Act renewal may well depend upon clear evidence by the administration and the Congress that we do not intend to let a few communities, industries, or groups of workers pay the cost of a national trade program.

I am convinced that there are enough marginal votes in the Congress which could be affected by a Trade Adjustment amendment to make the difference between victory and defeat on the basic act itself.

The trade adjustment plan is not a labor measure--even though a labor spokesman did so much to develop it. It would provide assistance to business, in the form of technical assistance, special tax concessions and loans. Communities as such would be helped directly with loans, technical assistance and market research. Workers would be assisted with extended unemployment insurance, retraining and transportation.

RECESSION

I want to warn against a particularly phony argument which is now being pushed in opposition to the reciprocal trade program. The current recession has of course made everybody concerned about unemployment levels. There is superficial logic and plausibility to the cry that this is certainly no time to increase imports and thus take away still more American jobs. But this is dangerous nonsense. This is the worst possible time to reduce international trade. If we do, we threaten the 4 1/2 million jobs we have talked about.

It is well to recall that in 1934 when the late and great Cordell Hull first promoted the reciprocal trade program, the Congress adopted it as an antidepression measure--a measure aimed at encouraging United States exports of agricultural and other products.

There is evidence that during the recessions of 1949 and 1954 the liberalization of trade bore fruit. Our exports held up well--better than our economic activity as a whole. In the current recession, the story is the same. The current recession is a powerful argument for greater liberalization--not restriction--of our trade program.

As the Reciprocal Trade Agreements Act makes its precarious way through Congress during the coming weeks, we should all be alert to the efforts being made to weaken and even destroy it. Everyone should be aware of our true national interest. The easy argument against foreign imports has prevailed too long. If it results in further weakening of our trade policy, we may all suffer gravely in the future. The Communists will make further inroads into the free world as their trade offensive succeeds beyond their greatest hopes. Our alliances will break up on the shoals of trade antagonisms. Our own economy will decline and American workers will be out of work as other nations can no longer buy our products.

None of these things needs to happen, for the alternative is not injury to American industry and labor. Trade adjustment provides the means whereby the Reciprocal Trade Agreements Act can be strengthened, not weakened. Only a strong trade policy will keep together a strong free world and promote a continually rising standard of living for us all.

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