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I S S U E S A N D A N S W E R S

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SUNDAY, APRIL 29, 1962

GUESTS: Senator Hubert Humphrey
 Democrat of Minnesota
 and
 Senator Hugh Scott
 Republican of Pennsylvania

PANEL: Peter Clapper, ABC Correspondent
 and
 Bob Clark, ABC Correspondent

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THE ANNOUNCER: From Washington, D. C., the American Broadcasting Company brings you ISSUES AND ANSWERS.

To bring us the answers, two outstanding Senators from opposite sides of the isle: Senator Hubert Humphrey, Democrat of Minnesota, Majority Whip of the Senate, and Senator Hugh Scott, Republican of Pennsylvania, former Chairman of the Republican Party.

Senators Humphrey and Scott, here are the issues:

QUESTION: Will the President's action in the steel crisis backfire?

QUESTION: Should President Kennedy go to the Summit again with Khrushchev?

QUESTION: Has the Kennedy foreign policy triggered a nuclear arms race?

QUESTION: Can the Senate muzzle the Southern filibuster on Negro voting rights?

THE ANNOUNCER: You have heard the issues. Now to bring us the answers, from Senator Hubert Humphrey, and Senator Hugh Scott, ABC Correspondent Bob Clark, and with the first question, ABC Capitol Hill reporter, Peter Clapper.

MR. CLAPPER: Senator Scott, there has been a groundswell of GOP criticism of the President's action in halting the steel price hike. The Democrats claim his strong stand will help his program in Congress and his candidates next fall. What do you think about this?

SENATOR SCOTT: Well, I think everyone wants to avoid inflation and to stop the rise in the cost of living which has gone up about 1.5 percent more under the Kennedy Administration. I think there is a question as to the timing and wisdom involved in the way in which both sides proceeded. Life magazine says the President handled the program; that he also manhandled it. I think the initial reaction to the President's decision was good, but my mail is now running three to one in opposition, and the opposition is based on the fact -- and I want to make it clear, here, I do not join in spontaneous, unreasoning criticism. The President has a big job. He's got to make economy work if he can, but my correspondence points out an important thing,

and that is they fear Executive regulations of prices, Executive regimentation, and many of them ask me this question:

The next time there is an excessive wage demand, will the President be as strong and as forthright and as courageous in demanding that labor union leaders hold the line as he was in demanding that Steel hold it?

I hope myself that the spiraling dangers of inflation can be controlled, but I also believe that business has a proper right to make a profit and when it stops making a profit, it stops being business, and becomes nationalized, and at that point, a great many people are going to be out of jobs.

MR. CLARK: Senator Humphrey, is the President going to be as tough in making labor hold the line as he was in Big Steel?

SENATOR HUMPHREY: Well, I think the point ought to be made in the steel situation, during the negotiations and even prior to the negotiations between the United Steel Workers of America and the Big Steel companies, that the Secretary of Labor and the President spoke very firmly to labor about holding the line. In fact they went so far as to address first the National Association of Manufacturers -- the President addressed them -- and then the AFL-CIO in convention, and made it quite clear that we expected -- the Administration expected organized labor to hold the line and to ask for increases only that related to productivity increases, which are non-inflationary.

Now the fact of the matter is the labor officials were quite critical at one time of the President's stand on this matter. But the negotiations were completed with steel and labor and it was well understood and said that the agreement was non-inflationary and it was generally understood, if not in written or spoken word, that there would be a holding of the line on wages -- wages to be related to productivity, and a holding of the line on the price of steel.

Now I want to say very frankly that I do not support government setting of prices or government setting of wages, but I will say that the steel industry -- I don't support the

right of the steel industry to apparently have such cordial relationships with its fellow companies that when Big Steel announces that the price of steel will go up \$6 a ton that everybody jumps in line like they are robots, or parrots, the same expression -- except for ^{one or} two. I think we owe as much to Inland Steel and possibly to Kaiser Steel, but particularly to Inland Steel for breaking this inflationary price rise as we do to the government because Inland, the seventh largest steel company, did not follow the dictates of Big Steel. And Inland Steel is doing well. So is Republic Steel, and I noticed the other day that Bethlehem Steel was doing quite well in dividends and profits. They are not really facing any bankruptcy or serious situation.

SENATOR SCOTT: The important thing to remember is that U. S. Steel is not doing as well as these other companies.

Would you comment or hazard a guess as to how U. S. Steel for example, and some of the other steel companies are going to find the money to modernize their plants, to compete with the Common Market and to have sufficient earnings left over after payments of wages and payments to stockholders to meet the obvious need. Unless they modernize they are lost. Therefore while \$6 may not have been the right figure, no dollars, as compared with ^{a four-year} increase in the wage level also does to me not seem to be fair and does not permit steel to go into the business of competition abroad unless it can

modernize its plant. Now don't you want them to modernize their plant?

SENATOR HUMPHREY: Indeed I do, and may I say, Senator, when you speak of the wage level and the increase in the wage level, I think you ought to be discriminating in two facts. There has been an increase in the wage level, but there has been little or no increase in the unit level of cost. That is the production cost per ton and that is what you are selling. You are not selling hours of wages, you are selling tons of steel. And the production costs per ton of steel have not gone up markedly.

Now the United States Steel is one of many steel companies. It is Big Steel. And very frankly I think United States Steel better look at some of its smaller competitors and see what they have done. There are companies in the United States who furnish steel, for example sheet steel to the automobile industry, who are highly competitive, who can meet any foreign competition, who are modernized and automated. They have done it within the present tax structure and within the present economic situation. The fact of the matter is United States Steel needs to modernize not only its plant but it may very well have to modernize some of its managerial practices. I am willing to see United States Steel and all the other steel companies get what we call the investment tax credit relief. I support that. I want to see steel get a chance to modernize. I believe in the profit

system. I want Big Steel and Little Steel to be able to make a profit, but I suggest Big Steel, United States Steel, might very well want to look at what some of its smaller competitors have been able to do despite the overwhelming dominance of the market by big United States Steel.

MR. CLARK: Is there a danger, Senator Humphrey, in the President being too tough with business? The stock market this week took its sharpest drop in almost two years. Doesn't this indicate some businessmen and some small investors are frightened by the President's actions?

SENATOR HUMPHREY: The stock market took a drop in some areas. It did not in all. It did not, for example, in chemicals for I recall, or oils. By the way, the oil industry, the petroleum industry is so much bigger in terms of investments than the steel industry that they are hardly comparable. There were certain other companies that took a drop. This isn't unusual. The stock market should --

SENATOR SCOTT: Not in this Administration, it isn't.

SENATOR HUMPHREY: The stock market should move up and down, as it does. And may I say to my good friend who spoke now of "this Administration," that the stock market has done very well in this Administration and the profits of business in the first quarter of 1962 are at an all-time high. They are doing very, very well.

MR. CLARK: The stock market after this week's drop,

Senator Humphrey, is at its lowest mark in more than a year.

SENATOR HUMPHREY: In more than a year, but may I say this is one week -- the stock market sometimes is like a child's fever, don't write off the child when the fever goes up or drops. Let's see what it does over a quarter, over a period of time, and the facts are that employment is up, the facts are that construction is up, the facts are that production is up and the facts are that the profit for corporations are up 10 percent over what they were this time last year. And those are the facts, those are not the guesses.

SENATOR SCOTT: Now you say corporations' profits are up 10 percent.

SENATOR HUMPHREY: Yes.

SENATOR SCOTT: You are surely not saying that steel profits are up 10 percent.

SENATOR HUMPHREY: I didn't say that. I said the total business community, sir.

SENATOR SCOTT: But the net position in which government finds itself and the net position in which the stock market rates industry is a less favorable position than it was this time last year.

You and I can deal with statistics, we can try to outsmart each other, but you can't outsmart the public who can read these results all the time. They know the cost of living is going up, they know you have done nothing to solve

unemployment, it is still high, and in my state unmercifully high, and they know too that you have driven the stock market down which means the value of the securities which are held by people of all income levels practically in this country -- you give me statistics, but I would prefer to give you facts.

SENATOR HUMPHREY: Senator, I know you are too intelligent a man to even believe what you have just said, and therefore I am going to forgive you.

SENATOR SCOTT: It would be well if you didn't take it up further.

SENATOR HUMPHREY: Because may I say first of all the cost of living, the wholesale price index which really determines the economy, what is happening to the so-called inflation or deflation, the wholesale price index in the past year and a half has gone up less than three-quarters of one percent. The wholesale price index. In fact, it has gone up less than one percent in the last two years.

Now no other country on the face of the earth shows that kind of economic stability.

SENATOR SCOTT: Well, let me --

SENATOR HUMPHREY: Let the Senator contemplate that for a moment.

SENATOR SCOTT: I will deplore it if you will give me a chance. I will show you what has happened, really.

SENATOR HUMPHREY: There have been drops in the stock

market before. But the Senator -- my Republican friends have an uncanny ability to associate themselves with bad causes. Now they are going to try to take up the cudgel for Big Steel against the President of the United States in the public interest. I want to give them this issue. I think it is delightful. You just handle it.

SENATOR SCOTT: There goes the voice of the demagogue, I regret to say, but wait a minute. I am not going to let that remark pass without comment. I do not associate myself with Big Steel at all, or with big business generally. I think the settlement negotiated with labor by Big Steel was fair to labor and they thought so too, and I thought it was a just settlement. And I am concerned, not about big business, but about the little fellow who is still unemployed. Not all your fine words or your magnificent articulateness can obscure the fact that in Great Britain unemployment is 2.3 percent, in the Common Market it is 2 percent. Over here it fluctuates between six and seven percent most of the time and you have not been able to do anything about it, just like the New Deal for eight long years wasn't able to cure unemployment, and you will remember the slogan then "It took a war to make jobs."

Now God forbid that ever be the solution, but let us try to solve this problem of unemployment and let us not do it with oratory.

SENATOR HUMPHREY: Senator, I want to comment on that because both you and I want to solve unemployment and it is not a partisan issue. I want to say in 1961, January 1st, or December 31st, 1960, the unemployment in this country was at 7.1 of the number of employables. Mr. Kennedy was not President, and the Democratic Administration was not in power. There were 6,800,000 unemployed. There are approximately now five million unemployed. The unemployment figures today are 5.1, two percentage points below what they were a year ago.

Now we need to solve this problem of unemployment and we are going to have to work at it with every tool at our command. Tax legislation which I support, incentives to business. The foreign trade program, which I think can increase our exports. And indeed the Area Redevelopment Program for distressed areas. The improvement in our agricultural situation. There are many ways that we need to work at unemployment, but I don't want the Senator from Pennsylvania to indicate to me that unemployment is higher now than when his Administration went out, because it is not. And I don't want him to leave on this program the fact that this Administration is doing nothing about unemployment, because we have.

SENATOR SCOTT: The Senator from Pennsylvania wants to point out that the national unemployment rate is now no lower

than the average level of unemployment during the 1960 recession year under the Eisenhower Administration; that the duration of unemployment is increasing; that in 1960, the average time people were out of work was 12.8 weeks. Now it is 16.5. The Senator, I think is wrong, though he is usually right, on the rate of unemployment. It is 5.5, or was a week ago.

In Pennsylvania it is 8.6 and there are -- well, I ought to add this, I think, that although more people are working today than were working at the bottom of the slump, I have this urge to be fair --

SENATOR HUMPHREY: Thank you.

SENATOR SCOTT: -- most of the increasing unemployment has been caused by increased hiring by federal, state and municipal governments and by the call-up of 300,000 Reservists in the Armed Forces. And again you can't solve unemployment by putting people in uniform.

MR. CLARK: I think you have both had equal time on this subject. Perhaps we should move on to what I hope may be something less controversial.

SENATOR SCOTT: We just can't leave each other alone on this one.

SENATOR HUMPHREY: I didn't like that, just having the Senator use his news letter to his constituents as being the bible of economic facts.

SENATOR SCOTT: You realize I like to keep my constituents informed.

SENATOR HUMPHREY: You keep them overly informed in a very generous way.

MR. CLARK: On a far-removed issue, the President and Prime Minister Macmillan said that they will be willing to go to the summit with Khrushchev whenever it will serve the interests of peace and understanding.

Do you, Senator Humphrey, think we should go to the summit again at this point?

SENATOR HUMPHREY: Well, I think that is better determined by the heads of state who are privy to the most intimate and secret information relating to our foreign relations and to the international situation. My view is this, that we have approached a period of time in the history of nations where what we call Summit Conferences are a part of the diplomatic pattern. There has been much talk that we ought not to have these Summit Conferences but I think that is primarily the talk of traditionalists and not of realists. With a vast area of the earth under the domination of the Sino-Soviet Bloc, with Mr. Khrushchev the leader in that area, you must deal with him. It isn't whether you like him or not, he is there. And with the United States of America being the leader of the Free World and the President of the United States being the leader of the coalition of the West, he must be dealt with. And therefore I believe that these meetings of heads of state are worthwhile. I don't think we ought to overemphasize the possibility of any immediate settlements. But it is my view that in light of the power positions of the East and the West, of the importance of the United States and the Western Alliance, and with Mr. Khrushchev and the Soviet Union in the Warsaw Pact countries, that Summit meetings are inevitable. And rather than to back away from them, we should prepare for them and we should also prepare the people for what may

well be the lack of positive results. So I would approach the idea of summitry, that it is a part of modern diplomacy.

SENATOR SCOTT: In other words, you think we should meet with Khrushchev?

SENATOR HUMPHREY: Yes.

SENATOR SCOTT: I am trying to extract a little kernel of opinion out of the mass of verbage which still draws my admiration.

SENATOR HUMPHREY: Well, Senator, my view is if it seems worthwhile for a Summit conference then we ought to approach it without fear, we ought to approach it as a part of the normal diplomatic pattern. Just exactly as our representatives, our ambassadors meet with the Soviet ambassador, so the head of the United States, the Chief of State here, the President, meets with Mr. Khrushchev.

I personally think that regularized meetings between the heads of state would be worthwhile as long as they were not oversold. I mean, I don't think you ought to make it appear that some how or another, all your problems are going to be settled because you have met with Mr. Khrushchev and Mr. Kennedy.

SENATOR SCOTT: There is an old Italian proverb that says, I guard myself against my enemies, but I need help in guarding myself against my friends.

And before we go to a meeting with Khrushchev, I wonder why we don't patch up some of the holes in our own foreign policy; why it is that the State Department is interested apparently according to the latest reports in getting rid of the President of Guatemala who is anti-Communist and is showing signs, according to the most recent reports, of supporting the outs down there, who are the pro-Communists, Jose Arevalo, Jacobo Arbenz people.

I wonder why we are withholding money from the anti-Communists in Laos, why we are strong in Viet Nam and weak in Laos, through which the Communists can enter Viet Nam. I wonder why it is we make distinctions between right wing dictatorships, and we don't like them in Guatemala, and we don't arouse ourselves as strongly as we might about left wing dictatorships.

I think we ought to patch up our own foreign policy and determine that we are for those people who stand with us against Communism; we are against those people who are favorable to Communism, as the opposition in Guatemala is. And when we have patched up our own policy, that would be the time to go to see Khrushchev.

I agree with you, we have nothing to fear from Mr. Khrushchev except our own faltering inability to device a clear, national policy as to how best to meet and to repeal the

aggression of Communism.

MR. CLAPPER: Senator Humphrey, what do you mean by regularized Summit meetings? Do you mean regular -- periodic?

SENATOR HUMPHREY: No, I mean it should be considered as a part of the diplomatic pattern just as we have exchanges between ambassadors and exchanges between missions.

I have given some thought to this as I know all senators have. I used to be a teacher in the field of international relations, which doesn't qualify me particularly in this area, but it is often said that we should follow the traditional pattern of diplomacy.

Well, the traditional pattern was that of an ambassador and the reason for the ambassador in the tradition and the history was that he was the representative of the nation state, a representative in a far distant place, primarily because there was no other means of communication. But means of communication today are so rapid and modern means of travel are so efficient that heads of state and foreign secretaries meet readily, and it is my view that we ought to, as Americans and leaders in the Free World, not to deplore this possibility of Summit meetings, but to prepare for it. And I don't say that we have always been prepared for it.

Now, I would like to comment just for a moment on what

Senator Scott has said. I agree that there are areas of our foreign policy that we might well strengthen. But Senator, we don't have this comfortable little situation of saying "Well, now, let's take a week out to patch up little holes here and there, and then we will take another week out to deal with Mr. Khrushchev."

We must do all at the same time, and it just is my view that possibly the crisis in Central Europe, in Berlin, the East-West crisis in the Middle East -- may be a little more severe than the situation in Guatemala. And what's more, I have no evidence that this government is getting ready to dump the present government in Guatemala.

SENATOR SCOTT: Watch the developments in the next few weeks and you will see our State Department pulling the rug out from the President of Guatemala.

SENATOR HUMPHREY: Our State Department is not interested in pulling the rug out from people who are working for their people in fighting Communism, and I am getting a little tired of hearing responsible people indicate that the State Department of the United States under any Administration would, in any way, weaken our position against the Communist menace. We seek to meet this menace head-on. We seek to meet it many places. We seek to meet it in Western Europe, in Asia,

in Africa, and in Latin American.

Now, we may fumble now and then, but it is not premeditated, Senator.

SENATOR SCOTT: I didn't say it was premeditated. You used the phrase "weaken our policy against Communism."

I say they failed to strengthen and to be consistent with the policy, because they concentrate, let us say, on Berlin, for a while, and then Khrushchev and his rats eat away at the cheese in Guatemala and at Laos, and I say that our policy, with the tremendous personnel we have in the State Department, should be at all times consistent, at all times anti-Communist.

SENATOR HUMPHREY: And it is.

SENATOR SCOTT: And occasionally aggressive.

SENATOR HUMPHREY: And it is.

SENATOR SCOTT: For example, you speak of ambassadors. They have a roving ambassador, Mr. Averell Harriman, who is a sort of a wandering ambassador, and he wandered into Formosa not long ago, and I understand that we have our problems with the Chinese Nationalists. We know it. But Chaing Kai-shek proposed a plan to drop para-military forces, parachutists a way in the background in the back part of China to harass the Reds.

Now, as I understand it -- and I wish you'd look this up for me -- Ambassador Harriman is reported to have urged Chaing Kai-shek not to consider any form of harassment whatsoever against the Chinese Reds.

Now, if this were Khrushchev, and Red China was on our side, I know that Khrushchev would be harassing us.

At the same time Averell Harriman, if correctly reported, is doing everything he can to keep Chaing Kai-shek from engaging in this para-military operation, maybe he is right.

SENATOR HUMPHREY: Yes.

SENATOR SCOTT: But I would like to know whether it is true, and then we could debate it.

SENATOR HUMPHREY: Well, I will tell you if it is true, we are simply following the Eisenhower Doctrine when Mr. Eisenhower said that one of the requirements in aid to Nationalist China was that Nationalist China would not make a move without consultation with this Government, and we would exercise veto.

Now that was done by a responsible President of the United States, Dwight Eisenhower, and this Administration continues to follow that policy because if Nationalist China gets involved with Communist China, let's face it, who is going to take the rap? Who is going to have to do the fighting? The United States of America.

And thank goodness for the prudent judgment of Dwight Eisenhower and the continued prudent judgment of President Kennedy.

SENATOR SCOTT: Let me say this: Chaing Kai-shek simply makes the point. There is a difference between invasion which he is committed not to do without consultation with us, and harassment, which he feels he has the right to do.

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MR. CLAPPER: Gentlemen, we would be remiss now with the little time remaining if we didn't get into some of the legislative prospects and the history to day in Congress.

Senator Humphrey, how are we doing and what do you expect the session to look like after it is over?

SENATOR HUMPHREY: Well, I think it will look very well once we have completed our work. I expect we will complete our work around Labor Day, possibly a little later.

The program at that time will include the passage of the President's Foreign Trade Program which I believe to be essential for this nation as a part of our economic growth, and our foreign policy, our international, economic policy. I believe that we will have passed the basic outlines of the President's tax program which will of course provide additional incentive and help to American business, to fulfill exactly what we were talking about here -- modernization, the improvement of plant and facilities.

It ought to include withholding, also, so as to bring about better -- a little larger amount of revenue.

SENATOR SCOTT: Are you talking of dividends?

SENATOR HUMPHREY: Dividends. And I would say we will pass an agricultural program which will be a considerable improvement over the present situation. Aid to higher education, and we are going to also pass Medicare, the hospital and nursing home program for our citizens age 65 and over under

the terms of Social Security.

MR. CLARK: We have time for one more question: Are you going to be able to cut off the Southern filibuster on Negro voting rights this week?

SENATOR HUMPHREY: If we can get 24 out of the 35 Republicans -- and that is all -- we are just asking for 24.

SENATOR SCOTT: You ask for two-th--

SENATOR HUMPHREY: -- two-thirds of yours and two-thirds of ours, we will cut it off.

SENATOR SCOTT: Two-thirds of ours -- why can't you produce a little better showing in your split party, between your Southern and Northern Democrats? I of course will vote to cut off the filibuster.

SENATOR HUMPHREY: And so will I.

SENATOR SCOTT: And so will a great many Republicans and I would suspect about 18. Now you ask us for 24. You are a leader. You ought to get six or seven more Democrats from your side. You give them all sorts of courtesies --

SENATOR HUMPHREY: We are going to. We are going to.

SENATOR SCOTT: You'd better get some more Democrats and stop trying to ask one-third of the Congress to bail two-thirds of the Congress out of all of its difficulties.

I think on your program you are a little optimistic. I am not sure you are going to get everything you have asked for because you have only gotten three or four --

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MR. CLARK: Gentlemen, our time is up.

Thank you both very much for being with us today on
ISSUES AND ANSWERS.

THE ANNOUNCER: This has been another in ABC's headline-making series in which leading authorities bring you answers to the issues of today.

Our guests were Senate Majority Whip Hubert Humphrey of Minnesota, and Senator Hugh Scott of Pennsylvania.

Join us again next week at this same time when your guest will be Dr. Heinrich von Brentano, Majority Leader of the West German Parliament, who will give us West Germany's reaction to the Berlin talks.

ISSUES AND ANSWERS is produced by Peggy Whedon. Directed by Frank Ford. A presentation of ABC News.

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