

TV Script - October 14, 1963

BOB COAR: This is Washington, and this is Senator Hubert Humphrey of Minnesota. Today the Assistant Majority Leader has a distinguished guest, but before introducing his guest, here is Senator Humphrey.

SENATOR HUMPHREY: Well, thank you. I do have a guest, but I think it might be well if I would tell you what will be the topic of our discussion. As you all know, some days ago President Kennedy announced the decision of this government to make available the supplies of American surplus wheat for sale on cash terms, good commercial credit and cash terms, with the Soviet Union and the eastern European Soviet satellite countries. Now this matter had been discussed for several weeks. The President was seeking the advice and the counsel of members of Congress as well as individual citizens throughout the Nation, farm organizations, men and women and business firms engaged in export of grain products and indeed attempting to find out whether or not this nation would look with some favor---at least with a degree of objectivity---upon a change of policy relating to the sale of food products to the Soviet Union and the eastern European

countries. That decision was made in the affirmative. And I am happy to say that it has some good results for us, if we follow through carefully and if we utilize the private sector of our economy to make this deal workable. Now before I go into that I want to let you know that I do have a guest and he surely is related to the topic that we are discussing. My guest today is a fellow citizen from Minnesota, from the great port city of Duluth. He is Bob Smith, the port Director of the Port Authority of Duluth, Minnesota. And Bob, we are mighty happy to have you here and I am going to ask you, first of all just what your purpose is as a visit to Washington, and then we are going to come back and put some questions to you about the Port of Duluth and what that great port is doing in terms of the economic well-being of our State and your city. What are you doing in Washington? Besides being so kind to come visit us.

BOB SMITH: Well, I wanted to appraise our Minnesota delegation of the progress our port has made this shipping season, the signing of a contract with the Army Transportation Corps, the setting up of trade promotional agents in Europe and in New York, and the efforts I have been making with the Russian Government agencies with respects to the use of our port for participating in the grain movement.

SENATOR HUMPHREY: Very good. That is a big assignment, and we know that you are doing a good job carrying it out. But before we come back to you, Bob, with some questions, I believe that I might outline for just a moment or two some of the implications or should I say, factors in the decision of the President to make available for purchase, and I repeat purchase, on the basis of dollars or gold, American wheat by the Soviet Union or some of the Communist Socialist countries of eastern Europe. Those countries, by the way, include Czechoslovakia, Bulgaria, Poland and Hungary. I should also add that because western Europe has suffered a rather bad crop this year, that the normal wheat export from such a country as France will be at a minimum and actually France will be fortunate if she produces enough for her own needs. Therefore, we will be increasing our food exports, particularly our feed grains and our wheat, and indeed, some of our vegetable oil products into the western European economy as well as into eastern Europe and the Soviet Union. It goes without saying that for a long period of time, we have not been doing normal business with the Soviet Union, and this is understandable, because the Soviet Union has been aggressive, it has been committed to a program of communization, and the words of Premier Khrushchev have been anything but reassuring. Nevertheless we have also

faced certain facts, or we have come to face certain facts at long last that we should have been thinking about a long time ago. One fact is that our western European allies, and they are good allies, the members of NATO have been doing normal business with the Soviet Union and the Soviet countries in the bloc, eastern European countries, for years. In fact, the amount of commerce between the Soviet countries, the Communist countries and western Europe has approximated $5\frac{1}{2}$ to 6 billions of dollars. The Federal Republic of Germany, for example, did 750 million dollars of business with the Soviet Union and the eastern countries alone. We did little or nothing. Now our amount of business was in the few millions of dollars. I believe less than slightly over 100 million dollars for everything that was sold, medical supplies, certain food products such as tallow, lard, hides, some small equipment that was of non-strategic nature. Therefore, when the Soviet Union this year appealed for grain supplies, and it didn't do it on the basis of charity but rather on the basis of a sale, we came face to face with the hard facts of western European trade with the Soviet Union and indeed Canadian trade. I mention this because I recall all too vividly that I was home in Minnesota on the weekend of September 13, 14 and 15. At the very time that Canada made a sale of 500 million dollars of wheat to the Soviet Union. On the 16th day of September, I went to the Senate floor and addressed the Senate on what I consider to be the obsolescence

the antiquated nature, the backward nature of our trade policy as it related to agricultural commodities. I said then, and I repeat that if our allies are going to sell to the Soviet Union particularly soft goods that are non-war like, and non-strategic, if they are going to do this, then why shouldn't we, particularly if its for cash, if its for gold, if its on solid business terms? And particularly, would this be the case in the instance where we have vast supplies of goods, such as wheat that cost the American taxpayer literally hundreds/^{of millions} of dollars for storage costs, and there is a loss because of deterioration, or because of spoilage, and then there is always the constant pressure on the market which reduces farm income. I made a speech in the Senate on the 16th of September on the 17th, the 18th, and I think it's fair to say that at least 3 or 4 times a week, until the President made his decision. I spoke to the President on three occasions about what I felt was the necessity of a change in our policy. I pointed out that while some of the Europeans were lecturing us about the possibility of a sale of wheat to the Soviet Union, these very same countries were selling that commodity in vast amounts. Again I go back to the instance of Germany, it sold 605 thousand metric tons of flour last year to Russia. This year Canada sold a half a billion dollars of wheat to the Soviet Union. Our great

friend in the Pacific, Australia, sold 200 million dollars worth of wheat to the Soviet Union. The Soviet Union had a billion dollars in cash set aside, I repeat 1 billion dollars in cash and gold bullion, to replenish its food stocks. So I carried my argument as best I could in every channel of this government, the State Department, the Commerce Department, the Department of Agriculture, and to the President himself. And I say with no hesitation at all that I was one of those that did advocate a change of policy, and I believe I am right. Now let me tell you why. Well, I believe one of the best ways to indicate this is the editorial that I have here in my hand from the Washington Post of October 11th. That editorial points out that whether you view the decision of President Kennedy on making this wheat available for sale from an economical or political point of view, that it has its advantages either way. The economic advantage of selling at least four million long tons of wheat to the countries of the European communist bloc are obvious. The receipts of more than 250 million dollars for wheat and flour and the earnings of the American Merchant Fleet will strengthen our balance of payments position, which is in serious situation. In fact the prospect is already reflected in the Foreign Exchange Markets where the dollar has firmed up and today is the strongest currency in the world. Then there will be an additional 200 million dollars

that will be saved in handling costs by reducing wheat surpluses. And another 100 million dollars/^{that}will result as a minimum in the improvement of farm income as a result of a better price to our farmers for their wheat production. Now, if you will add to that the fact that we had the wheat and that if we had not have sold it, it would have been sold through the channels of other countries anyway, much of it purchased from us. It seems to me that there are advantages all the way down the line. Advantages to our treasury, advantages to our taxpayers, advantages to our farmers, advantages to our flour workers and millers, advantages to our American Merchant Marine, railroads, and ports, and that comes to you, Bob Smith. What do you think will happen up in the Port of Duluth, with this sale of wheat? Do you think this will increase your business and do you think it does, you will be able to handle it?

BOB SMITH: Well, Senator, we have the largest ^{shipping} storage and/capacity for bulk grain of any port on the Great Lakes; we have some 65 million bushels with 13 loading berths, each berth with the full seaway depth along, 27 feet. Now the fact that our port is the westernmost one on the seaway, penetrating practically into the very heartland of this great grain-growing area, where the railroad and trucking rates are less to Duluth than they are to most other lakes or Gulf Coast ports, and where we get the greatest advantage of the cheaper water transportation through the seaway, it would seem to me that we should get better than our share of this shipment.

SENATOR HUMPHREY: The Secretary of Agriculture estimates that we are exporting about a billion bushels of wheat, and cereal grains, that is feed grains. That's an awfully big load, that's about 260 million bushels more than we have ever exported before. Duluth ought to share in that pretty well, according to what I see here. I notice that Duluth's grain tonnage has risen from 258 thousand in 1958 to 2 million 600 thousand tons in 1962. You ought to do over 300 million tons this year, don't you think so, Bob? In grain, I'm speaking now.

BOB SMITH: We are hopeful of it; there has been considerable increase in chartering in the last week vessels for Duluth loading. One agent alone told us that he had better than 13 vessels scheduled to come in the latter part of this month and the early part of next month. We have 8 vessel agents in our port.

SENATOR HUMPHREY: It's a wonderful thing to think of Duluth, Minnesota as a seaport, and it really is, right in the heartland of our country. Now, I heard you say earlier that you had been doing work on trade promotion. Is that right?

BOB SMITH: Yes, Senator. Duluth, while it is a fair size seaport now and reputed to be the world's largest inland port, nevertheless, the port is not too well known throughout the Continent and other trade centers of the world. So our commissioners decided that it

was time that we went all out in promotion of our port. To make it known throughout shipping centers and trading centers. To that end, we contracted with a very large French concern, a tremendous complex of shipping to represent to us on the Continent, the British Isles, Scandanavian and North African countries. We have just contracted with a very reputable concern in New York to be our trade promotional representatives. We are considering similar representation in the Far East. The fact is that we are the only port on the Great Lakes today that has trade promotional agents in other parts of the world.

SENATOR HUMPHREY: Well, Bob, we are going to have to call to a conclusion, but it just goes to show what you can do when you have an active man at the helm. And Bob Smith, Director of the Port of Duluth has done a great job for our State and for the midwest and for that magnificent city. I want to thank you very much for being with us. I shall see you in two weeks.

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TV SCRIPT - SPECIAL - OCTOBER 14, 1963

SENATOR HUMPHREY: As a result of President Kennedy's decision to permit the sale of wheat to the Soviet Union and the Eastern European Soviet bloc countries, there has been considerable speculation as to what this will mean to the State of Minnesota, the upper Midwest, and in particular, the Port of Duluth on Lake Superior. I am very happy to have with me today for just a very brief moment the Director of the Port of Duluth, Bob Smith, who has been the guiding light and the strong hand in the development of this great port facility. And, I am going to ask our friend and fellow citizen, Bob Smith, just what he is doing down here in Washington, and then maybe I will get around to a question or so before we conclude.

BOB SMITH: Well, Senator, on Friday I met with the Representatives of the Trading Corporation to discuss this Russian sale of grain and the Soviet trading mission. Tomorrow I have an appointment with the commercial attaché of the Russian Embassy to discuss the use of our port and the movement of this parcel of grain. And

SENATOR HUMPHREY: And by tomorrow, of course, you mean that on Tuesday, October 15, since this telecast may be a little late

getting there, and I believe you have around contracting some of the members of the Minnesota delegation, too, Bob.

BOB SMITH: Well, tomorrow evening, I hope to have quite a number of our Minnesota delegation to have dinner with me, and we will not only discuss the Russian shipments, but also the Army contracts we have just signed, and other very interesting notes on the progress that our port is making.

SENATOR HUMPHREY: The Port of Duluth is making great progress and I said earlier, the Director Bob Smith is surely very much responsible for this achievement. Now just a word about wheat sale to the Soviet Union. It is still in the making of course. The licenses are now being issued, the grain is available, and the private American grain trade is making the arrangements with the Soviet trading mission. This will definitely increase the activities in the Port of Duluth, infact in all Great Lakes Ports. Not only is there a shortage of wheat in the Soviet Union, but there is a shortage of wheat in western Europe and the Port of Duluth, has in the past, served these outlets for our grain products and it will again. The Secretary of Agriculture has estimated the exports this year to be approximately 1 billion bushels. This is over 260 million more than any previous time. Then if you consider the fact that in 1958, the Port of Duluth only moved 258 thousand tons of grain, then in 1960 about ~~203~~, 2,300,000 tons and in 1962, 2,600,000 tons, you can see that the Port of Duluth

is a growing enterprise. I predict that the Port of Duluth will move better than 3,000,000 tons of grain this year, and that means that you are going to be pretty busy up there. Now, Bob, finally, are you equipped to handle this increased tonnage of grain as a result of this Soviet wheat sale?

BOB SMITH: Senator, as you know, we ^{have} 65,000,000 bushel capacity storage and shipping with 13 loading berths, and each one them with 27 feet of water along side. That gives us a distinct advantage over most Great Lake Ports in the movement of this heavy traffic.

SENATOR HUMPHREY: Well, Bob, I guess what the Director of the Port of Duluth is saying is that if you want to get prompt service and you want to move this grain quickly and get it there on time move it through the Port of Duluth. And I agree. Duluth is going to be very busy this Fall and Winter. Thank goodness.

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