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REMARKS BY SENATOR HUBERT H. HUMPHREY

AMERICAN IMPORTED AUTOMOBILE DEALERS ASSOCIATION  
NEW ORLEANS, LOUISIANA

FEBRUARY 19, 1973

Richard  
Mr Fromman - V.P.

Mr Robert McIlwaine - Exec V.P.

Knowledgeable & articulate

- Dialect - like doing an  
electe

- Urbane - Took it - so, but  
complaining

*I am*  
~~I GIVE YOU~~ NOT AN EXPERT IN INTERNATIONAL

TRADE AND MONETARY POLICY,

↳ BUT, LIKE ALL OF YOU, I AM CONCERNED ~~BY~~ WITH OUR

FOREIGN ECONOMIC POLICIES,

↳ THERE IS LITTLE THAT ~~IS GOING~~ <sup>happens</sup> IN AMERICA THAT IS NOT

RELATED TO THESE COMPLEX ECONOMIC ISSUES,

THE FOOD WE EAT,

THE CARS WE DRIVE,

THE CLOTHES WE WEAR,

THE JOBS WE HOLD,--

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INDEED, THE QUALITY OF LIFE IN AMERICA CANNOT BE  
 SEPARATED FROM TRADE, TARIFF AND MONETARY POLICIES ADOPTED

IN WASHINGTON AND IN THE CAPITALS OF THE INDUSTRIALIZED

WORLD — *and the flow of raw materials from the  
 developing world.*

↳ THIS IS NOT A NEW PHENOMENON.

↳ AS FAR BACK AS THE EARLY <sup>*Twentieth*</sup> ~~19th~~ CENTURY OUR

MIDWEST AND GREAT PLAINS FARMERS SAW THE BOTTOM DROP OUT

OF THEIR LIVES AS A RESULT OF WORLDWIDE MARKET CRASHES.

↳ AND THE MILL TOWNS AND STEEL TOWNS OF THE INDUSTRIAL  
 REVOLUTION EXPERIENCED BOOM OR DEPRESSION AS A RESULT OF

WORLD TRADING PATTERNS.

NO MATTER HOW HARD SOME OF OUR COUNTRYMEN TRY, WE  
CANNOT DIVORCE OUR LIVES FROM THE COMMERCIAL AND TRADING  
RELATIONSHIPS WE HAVE ESTABLISHED WITH NATIONS OF THE  
WORLD. *This is an interdependent world.*

✓ RECOGNIZING THIS FACT, BOTH OF US HAVE JOBS TO DO--  
YOU AS CONCERNED CITIZENS AND I AS AN ELECTED OFFICIAL.

WE MUST <sup>seek to</sup> INSURE THAT THE BENEFITS OF FOREIGN TRADE  
ARE SHARED EQUITABLY.

✓ AND WE MUST ALSO MAKE A COMMITMENT TO AID THOSE ~~WE~~  
~~WE~~ WHO ARE LEGITIMATELY INJURED BY OUR FOREIGN ECONOMIC  
POLICIES.

L THESE TASKS MAY NOT BE EASY TO ACHIEVE, BUT WE MUST  
MAKE THE EFFORT.

L ~~THE~~ TODAY WE MEET IN THE MIDST OF ECONOMIC UNCERTAINTY

AND CRISIS. *Dollar Devaluation, Balance of Payments  
deficit, Trade deficit. Revaluations  
floating of Yen, the Yen etc*

L I DO NOT HAVE A CRYSTAL BALL INTO WHICH I CAN GAZE

*to* PREDICT THE FUTURE, L BUT I WOULD LIKE TO GIVE YOU MY

THOUGHTS ABOUT WHERE WE ARE HEADED AND WHAT *I think* MUST BE DONE *I believe*

TO AVOID NEW CRISES. ~~THE~~

L LAST WEEK'S MONETARY CRISIS WAS MET WITH DECISIVE

ACTION BY ~~THE~~ *our* GOVERNMENT.

HOPEFULLY A DEVALUED DOLLAR AND THE REALIGNMENT OF  
OTHER CURRENCIES WILL HALT THE CRISIS AND ALLOW US TIME  
TO CONSTRUCT A COHERENT TRADE POLICY AND FURTHER REFORM  
THE INTERNATIONAL MONETARY SYSTEM.

↳ I AM AWARE THAT THE DEVALUATION MIGHT PRESENT A *problem*  
TO YOUR BUSINESSES. LAST YEAR FOREIGN CARS ACCOUNTED FOR  
NEARLY 15 PERCENT OF THE U. S. MARKET.

↳ BUT YOUR PAST SUCCESSES BASED ON THE SALE OF A HIGHLY  
COMPETITIVE AND DESIRED PRODUCT, POINT TO YOUR ABILITY TO  
WEATHER THIS SETBACK AND NOT LOSE A SIGNIFICANT SHARE OF  
THE MARKET.

I BELIEVE YOU WILL HOLD YOUR OWN AT A TIME WHEN THE DEMAND FOR CARS--BOTH DOMESTIC AND FOREIGN--SEEMS TO BE INCREASING.

~~But~~ YOU MAY QUESTION THE DESIRABILITY OF DOLLAR DEVALUATION. <sup>But,</sup> I CAN ASSURE YOU THAT THIS ACTION <sup>is</sup> ~~was~~ PREFERRED

TO AN ACROSS THE BOARD SURCHARGE ON IMPORTS OF 10 TO 20 PERCENT. <sup>and you and</sup> I KNOW THAT THE SURCHARGE WAS BEING CON-

TEMPLATED BY THE ADMINISTRATION <sup>and is being advocated by some in the Congress.</sup>

<sup>Happily</sup> SUCH A SURCHARGE <sup>can now be avoided</sup> ~~WAS SEEMINGLY~~ BECAUSE OF THE

DEVALUATION, AND ALTHOUGH YOU CANNOT BREATHE A SIGH OF RELIEF, I DO BELIEVE THAT YOU WILL WEATHER THE STORM.

*and, in all candor,*

I BELIEVE THE DEVALUATION OF THE DOLLAR WAS ~~INEVITABLE~~

~~AS A RESULT OF THE~~ ~~ADMINISTRATION'S~~ ~~ECONOMIC~~ ~~AND~~ ~~MONETARY~~ ~~POLICIES~~ ~~OVER~~ ~~THE~~ ~~LAST~~ ~~FOUR~~ ~~YEARS.~~ ~~INTERNATIONAL~~ ~~INVESTMENT~~ ~~ETC.~~

*the* ~~governmental~~ ~~and~~ ~~private~~ ~~investment~~ ~~and~~ ~~monetary~~ ~~policies~~ ~~plus~~ ~~private~~ ~~and~~ ~~corporate~~ ~~international~~ ~~investment~~ ~~etc.~~

↳ ~~AND~~ THE MONETARY CRISIS WHICH PRECIPITATED THE DEVALUATION ~~RESULTED FROM~~ THE ADMINISTRATION'S TIMING OF PHASE III.

*was triggered by*

↳ THE PHASE III DECONTROL POLICY WAS PREMATURE AND IT CERTAINLY WAS A PRIME FACTOR IN LAUNCHING THE CRISIS.

↳ INVESTORS AND FOREIGN GOVERNMENTS WERE ~~UNWILLING~~ UNWILLING TO BELIEVE THE RHETORIC OF PHASE III.

~~WAS IT LOGICAL THAT A SLACKENING OF CONTROLS COULD CONTROL THE INFLATIONARY SPIRAL WHEN OUR PHASE II CONTROLS WERE NOT WORKING?~~

~~I WAS NOT~~ THE HOLDERS OF LARGE AMOUNTS OF DOLLARS

~~SAID SO AS THEY~~ SOLD THEIR DOLLARS BECAUSE OF LACK OF

CONFIDENCE IN OUR ECONOMY.

↳ THE ESTABLISHMENT OF WORLDWIDE CONFIDENCE IN THE  
AMERICAN ECONOMY AND OUR ABILITY TO CONTROL INFLATION AT  
HOME ARE KEY TO PREVENTING A RENEWED CRISIS OF THIS SORT.

↳ WE ARE IN A TESTING PERIOD AS FAR AS THE PRESIDENT'S  
PHASE III POLICIES ARE CONCERNED. ~~I AM WILLING TO WAIT~~  
~~AND SEE ALTHOUGH I AM SKEPTICAL.~~

↳ IF THESE POLICIES CANNOT DO THE JOB, I WILL HELP  
ORGANIZE EFFORTS IN CONGRESS AND AROUND THE NATION TO  
REINSTITUTE A SYSTEM OF EQUITABLE WAGE AND PRICE CONTROLS.

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THIS IS NOT A THREAT. BUT THE ADMINISTRATION MUST  
REALIZE THAT ~~ITS PAST POLICIES HAVE NOT EFFECTIVELY~~  
~~CONTROLLED INFLATION AND~~ WE MAY BE ENTERING A PERIOD  
OF ~~WASTEFUL~~ PRICE INCREASES DETRIMENTAL IN THE LONG RUN TO  
BOTH CONSUMER AND PRODUCER.

↳ REFORM OF THE MONETARY SYSTEM AND A HEALTHY DOMESTIC  
ECONOMY CANNOT BRING ECONOMIC STABILITY AND PROSPERITY  
ALONE.

↳ THEY MUST BE ACCOMPANIED BY NEW TRADE LEGISLATION WHICH  
DEALS REALISTICALLY WITH SOME OF THE CONTROVERSIAL ISSUES  
IN THE TRADE DEBATE CURRENTLY RAGING IN THIS NATION.

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I KNOW THAT THE AMERICAN IMPORTED AUTOMOBILE ASSOCIATION  
HAS A GREAT STAKE IN UPCOMING TRADE LEGISLATION,

L THE DIMENSIONS OF YOUR INDUSTRY BEAR WITNESS TO THIS  
FACT: THERE ARE <sup>approximately</sup> 4,600 FOREIGN CAR DEALERS IN THE UNITED  
STATES, EMPLOYING NEARLY 200,000 PEOPLE WITH A YEARLY  
PAYROLL OF ABOUT \$1.5 BILLION. <sup>and</sup> AMERICAN FOREIGN CAR  
DEALERS HAVE ABOUT \$1.4 BILLION INVESTED IN THEIR BUSINESSES.

L I HAVE A RESPONSIBILITY TO LEVEL WITH YOU CONCERNING  
THE OUTLOOK FOR TRADE LEGISLATION IN THE 93RD CONGRESS.

NOWHERE IS THE DRIVE FOR PROTECTIONISM MORE APPARENT  
THAN IN THE CONGRESS <sup>and</sup>

*and* ~~BEFORE THE CONGRESSIONAL~~ SENTIMENT FOR PRO-

TECTIONISM IS GROWING.

THE ECONOMIC AND POLITICAL ENVIRONMENT IN WHICH TRADE

LEGISLATION WILL BE CONSIDERED WILL HAVE AN IMPACT ON THE

SUBSTANCE OF THIS LEGISLATION.

*organization of congress  
on trade-*

ALLOW ME TO SUMMARIZE THIS ENVIRONMENT FOR YOU:

--THE UNITED STATES WILL CONTINUE TO RUN A LARGE TRADE DEFICIT IN 1973 AND THE SIZE OF THIS DEFICIT WILL DIMINISH

SLOWLY. IT WILL BE SEVERAL MONTHS BEFORE WE BEGIN TO SEE

THE FRUITS OF THE DEVALUATION - *if it materializes at all!*

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L --THE LARGEST PORTION OF OUR TRADE DEFICIT WILL BE WITH JAPAN AND COULD AMOUNT TO \$4 BILLION. NEXT IN SIZE WILL COME OUR DEFICIT WITH CANADA AT APPROXIMATELY \$2 BILLION AND WE WILL HAVE A SMALLER DEFICIT WITH THE EUROPEAN COMMON MARKET.

L --UNEMPLOYMENT IS RELATIVELY HIGH AT A LEVEL OF 5 PERCENT. IF THIS LEVEL FALLS AT ALL, IT WILL FALL SLOWLY.

--ADDED TO THE ECONOMIC REALITIES IS A PROTECTIONIST SENTIMENT BEING FUELED BY FEELINGS OF FRUSTRATION AND DESPAIR ON THE PART OF MILLIONS OF AMERICAN WORKERS WHO FEEL THAT THEIR JOBS AND FAMILIES ARE THREATENED BY THE GREAT INFLUX OF FOREIGN MADE GOODS AND THE DECLINING TRADE POSITION OF THE UNITED STATES.

I MUST ADD THAT I DO NOT FEEL THAT WORKERS IN THE AMERICAN AUTOMOBILE INDUSTRY ARE RESPONSIBLE FOR THIS SENTIMENT IN VIEW OF THE BOOM MARKET FOR DOMESTIC CARS.

L BUT, THE AMERICAN WORKER IS UNDER GREAT ECONOMIC PRESSURE.

L HE MUST DEAL WITH INFLATION, HIGH INTEREST RATES AND A SENSE OF ALIENATION WHICH COMES WITH BLOCKED SOCIAL AND ECONOMIC OPPORTUNITIES,

THE FACT OF THE MATTER IS THAT THE AMERICAN WORKER ASSOCIATES HIS OWN JOB SECURITY WITH THE REDUCTION OF COMPETITION FROM ABROAD--EITHER BY FOREIGN COMPANIES OR AMERICAN OWNED SUBSIDIARIES.

( what he perceives to be true! )

~~(X) Failure of Amer business to be export minded.~~

THE TRANSLATION OF THIS SENTIMENT MEANS GROWING  
PROTECTIONIST CONSTITUENCIES FOR MEMBERS OF CONGRESS.

~~I DON'T BELIEVE THAT MEMBERS OF THE NIXON ADMINIS-  
TRATION OR LEADERS IN THE BUSINESS COMMUNITY HAVE BEEN  
SENSITIVE TO THE PLIGHT OF THE AMERICAN WORKER.~~

~~BECAUSE OF THIS, THERE IS WIDESPREAD HOSTILITY AMONG~~

~~THIS GROUP TO A NEW ERA OF INTERNATIONAL TRADE.~~

*Because of this*

*1*

~~I CAN ASSURE YOU THAT~~

THE BURKE-HARTKE BILL WITH ITS

NEW QUOTAS ON IMPORTS AND REPEAL OF TAX ADVANTAGES FOR

U. S. CORPORATIONS' INVESTMENTS OVERSEAS *will* GET PRIME

ATTENTION *in* ~~during~~ THE 93RD CONGRESS.

L THE BILL FOCUSES ON SOME VERY REAL ISSUES--ISSUES THAT ARE OF GREAT CONCERN TO AMERICAN WORKERS.

L YOU CAN'T TELL THE MAN WHO LOSES HIS JOB IN A FACTORY THAT HIS LOSS IS THE NATION'S GAIN.

L UNLESS WE FACE THIS FACT, WE WILL BE SEVERELY HAMPERED IN THE ATTEMPT TO FORGE A NEW TRADE POLICY.

~~L WE MUST ALL RECOGNIZE THAT THE STRONGLY HELD SENTIMENTS WHICH LIE BEHIND THE BURKE-HARTKE BILL SEVERELY THREATEN THE ADOPTION OF LIBERAL TRADE POSTURE AND THE PASSAGE OF OTHER TRADE MEASURES IN THE CONGRESS.~~

*then failure of Amer Business to encourage Exports & Be competitive*

THIS WEEK, THE PUBLIC AND THE CONGRESS WERE GIVEN THE FIRST INDICATION BY THE ADMINISTRATION OF THE SHAPE OF ITS UPCOMING TRADE BILL.

AWARE OF THE NEED TO REDUCE TRADE BARRIERS ERECTED  
 BY JAPAN AND THE COMMON MARKET AGAINST AMERICAN INDUSTRIAL  
 AND AGRICULTURAL PRODUCTS, PRESIDENT NIXON SAID HE FAVORED  
 A "FAIR DEAL AND A FAIR SHAKE FOR AMERICAN PRODUCTS ABROAD."

↳ I AGREE WITH THIS RHETORICAL POSITION.

↳ HE LINKED THIS THEME WITH A POSITION THAT HE WOULD  
*not only to lower tariffs but also*  
 SEEK BROAD NEW AUTHORITY TO RAISE TARIFFS TO HELP HIM BARGAIN  
 FOR IMPROVED MARKETS FOR OUR EXPORTS. *! ag*

↳ THIS IS ALL I KNOW ABOUT THE CONTENT OF THE PRESIDENT'S  
FORTHCOMING TRADE LEGISLATION - *What do you*  
*know? - Have you been*  
*consulted?*

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I WOULD BE SURPRISED IF MORE THAN ~~TWO OR THREE~~ <sup>a half a dozen</sup> MEMBERS

<sup>members</sup>  
~~ON~~

CONGRESS OUT OF A TOTAL OF 535 KNOW WHAT THE ADMINISTRATION  
 WAS PLANNING.

<sup>needs to remember</sup>  
 L THE PRESIDENT ~~SEEMS TO IGNORE~~ THE FIRST RULE OF GOOD  
 CONGRESSIONAL RELATIONS: BUILD SUPPORT WITH YOUR FRIENDS  
 AND CONSULT WITH EVERYONE--INCLUDING YOUR OPPONENTS--IN  
 A CONFIDENTIAL MANNER.

<sup>habit of</sup>  
 BECAUSE THE ADMINISTRATION HAS A ~~PENCHANT FOR~~ SECRECY  
 ON THESE MATTERS, IT MUST TAKE THE CONSEQUENCES ~~OF~~ <sup>for</sup> SENDING  
 TO CONGRESS A MAJOR PIECE OF TRADE LEGISLATION WITHOUT TESTING  
 BOTH DEMOCRATIC AND REPUBLICAN SENTIMENT ON A MATTER WHICH  
 WILL SURELY CROSS PARTY LINES.

I CANNOT UNDERSTAND WHY THE ADMINISTRATION REFUSES TO LEARN FROM PAST EXPERIENCE ON THIS ISSUE.

BY CONTINUING TO ACT FIRST AND CONSULT LATER IT INJURES THE CHANCES FOR PASSAGE OF ITS PROPOSALS.

BECAUSE OF THE CONTROVERSIAL NATURE OF ANY TRADE MEASURE AND THE GREAT STAKES INVOLVED, THE ACTUAL LEGISLATION MUST INVOLVE CONSIDERABLE COMPROMISE.

WITHOUT PRIOR CONSULTATION WITH MEMBERS OF CONGRESS, THE *President* ~~ADMINISTRATION~~ <sup>will</sup> MAKE COMPROMISE MORE DIFFICULT.

*If the Administration* ~~BY~~ DISREGARDING ~~THE~~ CONGRESS, ~~THE ADMINISTRATION~~ <sup>*I could turn on*</sup> TURNS PARTNERSHIP INTO CONFRONTATION. AND THOSE WHO ULTIMATELY LOSE IN THIS PROCESS ARE THE PEOPLE.

I WANT TO WORK WITH THE PRESIDENT IN THE FORMULATION

OF A REASONABLE TRADE POLICY.

*I know we must  
Trade. We know that a Trade war can  
be devastatingly destructive*

SO DO WILLIAM PROXMIRE, RUSSELL LONG, HERMAN TALMADGE,

WILBUR MILLS, BILL FULBRIGHT, WARREN MAGNUSON, HENRY

REUSS AND MANY OTHERS. BUT PARTNERSHIP TAKES COOPERATION

AND WE HAVE HAD EXECUTIVE BRANCH SECRECY INSTEAD OF

COOPERATION.

I CALL UPON THE NIXON ADMINISTRATION TO REMOVE THE

VEIL OF SECRECY WHICH SURROUNDS THE DEVELOPMENT OF ITS

TRADE POLICIES AND WORK WITH THE CONGRESS ON THIS MATTER.

WE MUST REALIZE THAT A NEW DIMENSION OF COMPETITION  
AND EVEN HOSTILITY MAY BE ARISING BETWEEN THE UNITED STATES  
AND ITS TRADING PARTNERS.

I HOPE THAT WE CAN AVOID SUCH A CONFRONTATION WITH  
OUR ALLIES AND FRIENDS. *Indeed, we must!*

BUT IN ORDER TO DO SO, WE MUST FIRST AVOID AN  
ACRIMONIOUS DEBATE AMONG OURSELVES AND DEVELOP TRADE  
POLICIES BASED ON A STRONG PUBLIC AND CONGRESSIONAL CONSENSUS.

THIS CANNOT BE DONE UNLESS THE PRESIDENT AND HIS  
*Business-Labor-Finance*  
ADVISORS MOVE SOON TO CONSULT WITH AND MEET WITH THOSE  
OF US IN CONGRESS WHO WILL BE WORKING ON TRADE LEGISLATION.

I AM AWARE THAT OUR CIVICS BOOKS SAY THAT THE  
PRESIDENT FIRST SENDS HIS LEGISLATION TO CONGRESS AND  
THERE IT IS APPROVED,

THE TIME HAS COME TO ABANDON THE TEXTBOOK APPROACH  
TO FORMULATING IMPORTANT PUBLIC POLICY. YOUR INTERESTS  
AND THOSE OF MILLIONS OF OTHER AMERICANS ARE TOO IMPORTANT  
TO LET PAST PRACTICE INTERFERE WITH THE CREATION OF SENSIBLE  
AND EQUITABLE TRADE POLICIES.

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