

PRESS RELEASE
DRUGS

Senator Walter F. Mondale announced today that he would hold hearings next year on the banking and financial operations that underlie and support the illegal international traffic in narcotics. The hearings will be held in the International Finance Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs, of which Mondale is chairman.

"It must be our responsibility to expose and destroy the unholy alliance of private individuals, government officials and some unscrupulous banks that lies at the heart of narcotics trafficking," said Mondale. "This vicious and deadly traffic, which supplies the expanding drug market in the U.S., is not a penny-ante operation. It is a multi-national, multi-billion dollar commercial enterprise with operations in virtually every part of the world, and its fantastic profitability is limited only by the determination, the skill and the ingenuity of the traffickers."

Mondale was the author of legislation last year authorizing the President to suspend economic and military aid to countries whose governments fail to institute effective anti-narcotics programs. He is also the author of recent

to require a comprehensive survey and analysis by the Bureau of Narcotics and Dangerous Drugs of world-wide narcotics activities.

Speaking at _____, Mondale declared that the number of heroin addicts in the United States is now estimated at 560,000, an increase of 800% in the past four years. Illegal heroin sales have climbed to \$6 billion a year, while the cost of drug addiction in theft and law enforcement is currently estimated at about \$18 billion.

"There is no single remedy for the spreading plague of drug addiction. But if we are to meet this urgent challenge to the well-being of our nation, we must start by striking at the very roots of the drug traffic," he said.

Mondale pointed out that heroin is refined in laboratories around the world from poppies grown principally in Turkey and Southeast Asia. It is then smuggled into this country, shipped directly to our East and West coast port cities, or brought to the U.S. by way of Panama or Paraguay for smuggling into Miami or across the Mexican border.

"I have no illusions that we can win the war on drug addiction in America solely by cutting off the supply of heroin from abroad," Mondale said. "But elimination of heroin from our streets is one battle we can -- and must -- win. The war on narcotics may be the most important war we will ever have to wage."

###

DRUGS

The demand for heroin in the United States has burgeoned since 1960...and the supply has increased to meet the demand.

That simple fact has created an unprecedented crisis in America.

Heroin means heartbreak for hundreds of thousands of Americans...for heroin addicts themselves...for their families.

There is no way to measure the agony of the father who says,

"I saw it all...but it's only when there's a total breakdown..and it destroys the family...that we do something."

And there is no way to measure the despair of parents who receive this report about their daughter:

"Mary Jane, tenth grade. Teacher reported her sleeping in class. Taken to the school nurse, she admitted using heroin. Action: suspended from school and referred for psychiatric help."

But there are cold facts to show that no American today... no matter where he lives... remains untouched by the social consequences of drug addiction.

Wherever we find drugs in America we find crime -- and especially the crime that preys on innocent and totally defenseless people.

This crime has imposed a curfew of fear on millions of Americans and cast a dark shadow over our cities. But we can no longer comfort ourselves with the thought that crimes -- and drugs -- are only New York's problem...or Detroit's...or Washington's.

As a recent report stated, in dry bureaucratic language:

"Illicit drug usage has ceased to be a phenomenon limited to urban ghettos and has spread widely into all geographic areas and socioeconomic levels of our society."

We've been relatively lucky here in Minnesota. The Twin Cities probably has fewer addicts than other cities of comparable size. But clearly we are not immune to the plague of drugs.

In three short years, heroin seizures in the Twin Cities have risen dramatically --

--from 100 doses in 1969;

--to 3,387 doses in 1971;

--to almost 10,400 doses in the first six months alone of this year.

This nation has been brutally awakened to the dimensions of the drug crisis.

The Bureau of Narcotics and Dangerous Drugs tells us that there are well over half a million addicts in America.

Less than four years ago, the estimate was 68,000. From 68,000...to almost 600,000...is an increase in the estimated number of known addicts of almost 800%.

As the crisis grows...and our awareness of it grows...we are spending more for anti-narcotics programs -- for treatment and rehabilitation -- for education and training -- for research and law enforcement. This year the Federal government will spend about \$730 million on drug abuse programs...an increase of more than 1000% since 1969. And we must do more.

If the cost to us as taxpayers is approaching \$1 billion, the cost to us as citizens is even greater.

Drugs cost money. On the average, half a million addicts have been spending \$30 a day for drugs. Illegal sales have amounted to \$17 million every day...and more than \$6 billion in illegal sales a year.

And because more than half of all heroin users are unable to work...and often must steal to buy drugs...the annual cost of drug addiction to the American people has been some \$18 billion in theft and law enforcement.

There is no single remedy for the spreading plague of drug addiction. But if we are to meet this vicious challenge to the well-being of our nation, we must start by striking at the very roots of the drug traffic.

Every ounce of heroin sold on our city streets is imported into the United States from abroad. Last year, according to the BNDD, 506 tons of heroin reached this country. This year that figure will be 6.5-10 tons.

The heroin is produced from poppies grown in Turkey...or Pakistan and Afghanistan...or the Southeast Asian countries of Burma, Thailand, Laos and Vietnam...or Mexico.

It is refined in laboratories in France...in Thailand...
Hong Kong...perhaps the Philippines...and Mexico.

It is shipped directly to our East and West coast port cities. Or it is brought to the U.S. by way of Panama or Paraguay...to be smuggled into Miami...or across the Mexican border.

The variations are endless but the theme is always the same.

The U.S. drug market is fed by a sinister multi-national, multi-million dollar commercial enterprise with commercial operations in virtually every part of the world -- often in countries enjoying substantial military and economic assistance from the United States.

But the Nixon Administration has been slow to move against this enterprise.

--GI addiction had reached crisis proportions by 1969. But the Administration refused to acknowledge the crisis until the summer of 1971.

--Narcotics trafficking has been legal in Laos and
conducted openly in Thailand and Vietnam. But the

Administration was unable to convince these governments of the urgency of the drug crisis until late in 1971.

--Heroin refined in Marseille provided 80% of the U.S. market supply. But the Administration was unable to persuade the French government to move against the heroin operations until last year.

--U.S. anti-narcotics efforts have been hampered by inter-agency squabbling. A year ago, a cabinet committee was established in an effort to coordinate these efforts. But in July of this year, the President created yet another office -- a narcotics intelligence office whose only function is to facilitate exchange of information between agencies working in the same field.

We are making progress in our fight to stop illicit narcotics traffic...but not enough progress...not fast enough.

--We have better coordination after years of bureaucratic misfiguring.

--We are putting our case more forcefully to our allies -- after years of indifference.

--We have better customs and law enforcement operations -- after years of inadequate staffing.

But we must do more.

We can start by carrying out the terms of legislation passed by Congress last year. This legislation, which I introduced, authorizes the President to offer assistance to countries attempting to eliminate the drug trade and to cut off aid to countries that take no effective action.

At present, we are assisting the Turkish government with its plans to end poppy cultivation. But despite the President's recent promise, we have taken no action against those governments which receive our aid and yet are known to permit narcotics trafficking.

We must take a hard look at the whole range of activities that bring heroin to the U.S.. We need all the facts -- the who, the where and the how.

Experience shows that if we eliminate the drug traffic in one area, it will take up operations in another.

That is why I introduced legislation in this Congress, which has been written into law, to ask the BNDD to prepare a comprehensive survey and analysis of world-wide narcotics activity and of anti-narcotics programs around the world.

The BNDD report will include a survey of

- global narcotics trafficking;
- cultivation and processing operations;
- routes of illegal transport that bring drugs into the U.S.;
- the complex financial and banking arrangements that support the drug trade.

It will also include an evaluation of the changes in these operations that have taken place since 1969.

The report will also provide us with

- a list of the countries which the BNDD has determined to be the major centers of narcotics trafficking;
- a summary of the programs undertaken in these countries for the suppression of the trafficking; and
- an evaluation of the effectiveness of anti-narcotics programs.

The BNDD report will be submitted to the Congress early in 1973. And as Chairman of the International Finance Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs, I intend to use the information in that report to hold hearings on the banking and financial operations that underlie and support the international traffic in illicit drugs.

International narcotics traffic is not a penny-ante operation. It involves a whole series of payments --

.the \$22 paid to farmers for the two pounds of opium that produces heroin;

.the wholesale price of \$5,000 paid in Marseille or Bangkok;

.the \$30,000 paid by wholesalers in New York;

.and the \$1,600,000 eventually paid for the same quantity sold in adulterated doses on American streets.

And operations of those size and scope is not the work of amateurs or loners. Two years ago, the BNDD reported:

"The largest profits are realized in the wholesale trade...where elaborate organization as well as careful planning and efficiency of operations are required."

And these profits are limited only by the determination... the skill...and the ingenuity...of the traffickers.

The fantastic profitability of the narcotics traffic could not be sustained with a vast financial network linking individuals...government officials...banks...in an unholy alliance. My subcommittee will investigate this network.

The job will not be easy. We will concentrate our attention on the part of the international narcotics traffic that is least visible...most complicated...and unfortunately, best protected.

I have no illusions that we can win the war on drug addiction in America solely by cutting off the supply of heroin from abroad. The final victory will require better treatment and rehabilitation programs...education...law enforcement, and criminal justice...and an end to the poverty and despair that breed addiction.

But elimination of heroin from our streets is one battle we can -- and must -- win. The war on narcotics may be the most important war we will ever have to wage.

NEWS RELEASE

From Senator Walter F.

MONDALE

443 OLD SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510
(202) 225-5641



October, 1972

Contact: Ernie Lotito
FOR RELEASE OCTOBER 14 AT 1:45 P.M.

LEGAL CRISIS PREVENTS ELIMINATION OF CONSUMER ABUSES, MONDALE SAYS

ROCHESTER, Minn., Oct. 14--Senator Walter F. Mondale (D-Minn.) told the Minnesota League of Credit Unions today that "an underlying legal crisis" is preventing the elimination of widespread and dangerous consumer abuses.

"Of the 20 million Americans injured every year by consumer products in the home, of the 110,000 permanently disabled, and the 30,000 killed by such products, many could have been saved if we had only enforced the law," the Minnesota Senator said in remarks prepared for delivery to the League. "And if existing laws were enforced, the American people would have saved much of the estimated \$200 billion which they lost last year through fraud, deception and market inequities.

"If there is a breakdown of law and order in America, and if anyone is being 'soft' on law breakers," he added, "then it surely includes these blatant consumer abuses and the shame of a government that ignores it all."

Mondale argued that much of the blame for lack of enforcement lies with a failure of government agencies created to protect the consumer. "In some cases, these agencies are outmanned and outgunned by powerful corporations," he said. "In most cases, they have become captives of the special interests they were supposed to regulate. But in either case, the result is the same: the public interest loses."

The Senator also attributed blame to the lack of judicial remedies in the federal system and the legal systems of most states.

"Under existing law, a consumer with a claim of \$50 or \$100 or even \$300 cannot finance a court suit to vindicate his rights because the suit is likely to cost more than the claim," Mondale said. "What we need is a consumer class action bill to end this discrimination. It would open the door of federal courts to a class of consumers with a common claim--regardless of the monetary amount of each individual claim."

Mondale also called for creation of an independent Consumer Protection Agency that would have the power to intervene on behalf of consumers before other federal agencies and to appeal adverse agency decisions in the courts. He noted that a small minority of the Senate recently had killed legislation creating such an Agency by filibustering it.

"We can no longer depend solely on courageous reformers to protect the public interest," Mondale concluded. "We desperately need new strategies of enforcement--such as those embodied in the consumer class action bill and the independent Consumer Protection Agency legislation."

###

MINNESOTA LEAGUE OF CREDIT UNIONS
Rochester, Mn.
10/14/72

Over 70 years ago, a young Canadian reporter...anxious to combat the poverty and usury which plagued his people...founded the first credit union in North America.

Several years later, the idea spread to the United States...and today, 24 million Americans from all walks of life belong to credit unions in every part of the country.

In our own state, the credit union movement has never been stronger.

Your movement...and what it has accomplished... demonstrate that the average consumer -- often powerless as one individual -- can band together with others to gain fair treatment in the market place.

But despite your remarkable achievements... and the achievements of consumer co-ops and other self-help organizations... the sad truth is that most Americans are still very much at the mercy of those who make and sell products and services.

Throughout my career in public life...first as this State's Attorney General and then as a U.S. Senator...I have worked hard to try and even that score...to ensure that the average consumer is treated fairly and equitably.

I am proud of the fact that as your Attorney General, I helped push through Minnesota's Consumer Fraud Act...and legislation to rid our state of phony trade schools, land swindles, and other consumer abuses.

And I am proud of the role I played in the Senate in obtaining passage of the Highway Safety Act, the Wholesome Meat Act, the Truth in Lending Act, and other landmark consumer protection measures enacted by Congress in recent years.

But my pride and sense of accomplishment is tempered by the knowledge that despite the laws now on the books...widespread and dangerous consumer abuses continue.

Look at the record.

In July, 1971, a man died and his wife was paralyzed as a result of botulism poisoning from a can of soup. According to food technologists, this most deadly form of food poisoning is easily preventable. Botulism should never occur in commercially canned goods.

The Federal Food and Drug Administration was created many years ago to protect the consumer from just such threats.

Yet, the FDA conceded that the plant producing the deadly soup had not been inspected since 1967 -- and that other plants have gone as long as 12 years without an inspection.

The law is clear...if only it were enforced.

In December, 1971, a 5-year old child was burned to death after his pajamas caught fire, apparently on the stove. His death was one of 3,000 every year caused by clothing fires. Over 150,000 people are injured annually in the same horrible way. Most of the victims are children and the elderly.

It was to save those victims that Congress passed a law in 1967 to require new and more effective flammability standards. We empowered the Department of Commerce to formulate and enforce these standards.

Yet today...⁵ years and thousands of burned children later... ~~the Commerce Department has not implemented one new standard for clothing.~~ *There is no effective regulation of flammable fabrics* The Secretary of Commerce didn't even convene a meeting of his advisory committee on flammability standards until May, 1969...almost 1½ years after passage of the 1967 amendments.

Again, the law is clear...if only it were enforced.

The list could go on and on.

Of the 20 million Americans injured every year by consumer products in the home...of the 110,000 permanently disabled, and the 30,000 killed by such products...many could have been saved if we had only enforced the law.

The annual cost of such product-related injuries probably exceeds \$5.5 billion.

And if existing laws were enforced, the American people would have saved much of the \$200 billion which Senator Hart estimates they lost last year through fraud, deception and market inequities.

The American consumer did not suffer these injustices because of his own ignorance or negligence.

No, the evidence is overwhelming that most of the deaths and injuries and financial loss could have been foreseen...and could have been prevented...if those consumer protection agencies at all levels of government were doing their job.

If there is a breakdown of law and order in America... and if anyone is being "soft" on law breakers...then it surely includes these blatant consumer abuses and the shame of a government that ignores it all.

That is why I find it so hard to be optimistic about the major consumer protection measures enacted by Congress during the past several years...or, for that matter, most of the new consumer legislation now pending in this Congress.

Though we have moved from the Upton Sinclair to Ralph Nader...from the first meat inspection acts to the major legislation of the 1960s...the American consumer is still victimized by unsafe cars, unwholesome foods, unfair credit practices, and deceptive advertising.

Much of the fault lies with the ineffectiveness of government agencies created to protect the consumer.

In some cases, these agencies are outmanned and outgunned by powerful corporations. In most cases, they have become captives of the special interests they were supposed to regulate. But in either case, the result is the same: the public interest loses.

Rural residents of our state and throughout the Midwest have seen how the Interstate Commerce Commission protects the public interest. They are watching their communities die because the ICC stood by while the big railroads callously dismantled rural train service.

Now the ICC was established many years ago to protect consumers of various forms of transportation. Yet in case after case, the ICC has failed to act against railroads which have deliberately allowed their rural train operations to deteriorate.

And when the railroads come to the ICC and ask permission to abandon these rural lines, the permission is inevitably granted.

The ICC is not unique. In 1971, the National Highway Safety Administration issued a safety standard requiring the auto companies to install airbags or comparable devices to minimize the impact of auto accidents -- a feature which experts consider the most important life-saving system developed in recent years.

These devices were to be installed on cars manufactured after April, 1973. But Ford and other companies bitterly resisted this requirement. Under great pressure, the agency caved in...and extended the deadline for 2 years. Because of this delay, it has been estimated that 22,000 lives may well be lost...and millions of Americans will continue to needlessly risk serious injury.

Studies by "Nader's Raiders" and other independent consumer groups have documented the inability and unwillingness of one agency after another to carry out their consumer protection responsibilities.

We hear a great deal about the health crisis, the environment crisis, and the hunger crisis -- ~~but~~ the truth is that we are primarily faced with an underlying legal crisis.

Corporations and other powerful private interests have ready access to courts, legislative bodies, and executive agencies. They lobby and litigate when and where they please. And with tax deductions, they get the Federal Government to underwrite their legal fees and related expenses.

But the average consumer cannot afford such representation. And when he buys a car which turns out to be a lemon...when he is misled into making a purchase because of false advertising...when his ~~q~~uto insurance is arbitrarily canceled... he has no effective remedy. Every year, millions of Americans experience this feeling of frustration and powerlessness.

No one reform will automatically ensure justice for consumers. But there are 2 major pieces of legislation which, if enacted, would be a giant step toward that goal.

The first is the consumer class action bill.

Under existing law, a consumer with a claim of \$50, \$100, or even \$300 cannot finance a court suit to vindicate his rights. While the Federal courts allow a group of individuals with a common claim to bring a class action suit, at least one of the members of the class must have a claim over \$10,000.

What this means, then, is that there are no judicial remedies in the Federal system, or most states, for those who have been deceived or defrauded and whose monetary loss is less than \$10,000 - which includes most consumers.

As one witness told a Senate Committee

..."no other segment of American society suffers from this kind of discrimination, from this kind of insuperable handicap.

The poor have OEO and Neighborhood Legal Service Programs, the rich always have the wherewithal to hire their own attorneys, and business deducts legal fees as an ordinary business expense and hires the best lawyer in town. The middle-income, average consumer, working hard to stretch a salary of \$7,000 - \$12,000 to cover his budget for a wife and several children is left with his attorney telling him, 'It just isn't worth your while to sue this merchant for \$75 because the item you bought wasn't what you thought it would be.' "

The Consumer class action bill would end this discrimination. It would open the door of Federal courts to a class of consumers with a common claim -- regardless of the monetary amount of each individual claim.

If consumer class actions were permitted, high volume, small dollar abuses would be effectively challenged for the first time. As Attorney General of Minnesota, I established the first Consumer Protection Union in the country and solicited complaints from consumers. I was appalled by the number of complaints and the lack of hope they expressed in obtaining legal redress.

In addition to this consumer class action bill, there is another equally important measure to create an independent Consumer Protection Agency. Its most vital function would be the power to intervene on behalf of consumers before other Federal agencies...and to appeal adverse agency decisions in the courts.

If such a consumer advocate existed, the ICC would have to listen to the rural consumer's need for rail service -- and not just to the railroad's argument for more abandonments.

And before the Highway Safety Administration could allow auto companies to delay vital safety improvements, it would have to hear the public's case for safer cars.

And if the agency's decision was still adverse to the interests of consumers, then the CPA could appeal that decision to the courts.

The need for such an agency was best summed up by the National Commission on Product Safety. "The assumption that Federal officials represent the general public interest," the Commission observed, "breaks down when, in a bargaining situation, no one bargains for the consumer. By institutionalizing a focus of consumer representation," the Commission continued, "it may no longer be said that everybody's business is nobody's business."

Unfortunately, many powerful commercial interests -- such as the National Association of Manufacturers -- bitterly oppose the creation of such an agency. They preferred the status quo -- whereby regulatory agencies hear their arguments but often turn a tin ear to the interests of consumers.

As a result of this opposition, a small minority of the Senate filibustered the CPA bill to death in the closing days of this Congress.

Tragically, the Nixon Administration..which has opposed and tried to weaken this measure at every step...did not lift one finger to stop this filibuster. Even Senators Percy and Javits, the Republican sponsors of this bill, made it clear that the Administration could have saved this legislation -- if it wanted to do so.

And as a result of Administration opposition, the Consumer Class Action bill never had a chance in this last Congress. You would think that an Administration which constantly talks about private initiatives...and deplores reliance on the Federal bureaucracy...would warmly endorse legislation based on the premise of citizen self-help.

But instead, they have supported those in Congress who would bar consumer class actions -- unless the FTC or Justice Department has already successfully sued the defendant.

It is precisely because these agencies have been so ineffective in protecting consumer interests that private judicial remedies are essential. To tell a defrauded consumer that he must wait until an inactive government agency successfully pursues his claims is not only a cruel hoax -- it also flies in the face of our tradition of providing judicial forums for relief where no relief is available elsewhere.

Years ago, a young reformer names Louis Brandeis asked to appear in a railroad rate case. When questioned about which interest he represented, he replied, "Just say I represent the people."

We can no longer depend solely on courageous reformers to protect the public interest. We desperately need new strategies of enforcement -- such as those embodied in the consumer class action bill and the independent Consumer Protection Agency legislation.

I hope that we are beginning at last to appreciate the wisdom of former Chief Justice Warren's observation that a "right without an advocate is as useless as a blueprint without a builder or materials."



MINNESOTA HISTORICAL SOCIETY

Copyright in the Walter F. Mondale Papers belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



www.mnhs.org