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SENATOR MONDALE ON EAST-WEST TRADE

Mr. MUSKIE. Mr. President, the junior Senator from Minnesota (Mr. MONDALE) is one of the leading experts on East-West trade in the Senate today and a valued member of the Subcommittee on International Finance of the Committee on Banking and Currency. His vast knowledge of East-West trade and his able advocacy of broadened opportunities for American business to engage in peaceful, nonstrategic trade with the nations of Eastern Europe were key factors in the enactment of the Export Administration Act of 1969.

Senator MONDALE has recently contributed a comprehensive paper, "East-West Trade: A Congressional Perspective," to the third volume of New York University's Center for International Studies Policy Papers. I commend this lucid and informative statement to the Senate and ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EAST-WEST TRADE: A CONGRESSIONAL PERSPECTIVE

(By Senator WALTER F. MONDALE)

Last December 23rd, as the last piece of legislation enacted by the first session of the 91st Congress, the House and Senate agreed upon a new bill dealing with the control of exports to Eastern Europe.¹

The Export Administration Act of 1969 was a most significant piece of legislation. Its actual impact, first upon the Office of Export Control and ultimately upon the nature and volume of trade with Eastern Europe, has yet to be assessed. We may have to wait another quarter or two to pass even a preliminary judgment, although the International Finance Subcommittee of the Senate has every intention of maintaining strict surveillance over Administration adherence to the clear intent of the new Act.

But the immediate significance was symbolic—symbolic, I think, of a growing maturity and a relaxation of anti-communist hysteria with respect to our relations with the communist nations of Europe. The new liberalization of East-West Trade, while perhaps not as extensive as many of us in the Senate would have preferred, came in spite

¹ "Eastern Europe" in this paper refers to the Soviet Union, East Germany, Poland, Czechoslovakia, Hungary, Bulgaria, Romania, and Albania. Trade policies also differentiate among Poland and Romania, East Germany, and all others on the above list. Similar, but far more restrictive trade policies also apply to Mainland China, North Korea, North Vietnam, and Cuba, upon which a virtual trade embargo is maintained.

of clear Administration hostility to any changes in the then current law; in spite of the continuing war in Vietnam which has proven to be a tragic barrier to East-West detente; and in spite of the historical antipathy in Congress toward trade with the communist nations of Europe, best illustrated by the narrow defeat (44-38) of an incredible amendment in 1968 which would have imposed a 20% tax on the total profits of any American business trading with a communist nation which, in turn, was trading with North Vietnam.

Seen is this climate, the passage of the Export Administration Act last December suggests an important turning point in our attitudes and policies toward East Europe. I think that we have only made a beginning toward the institution of sensible, mature trade policies with respect to Eastern Europe. However, before turning to the steps ahead, it might be wise to review some of the history which led to the passage of this legislation.

Since 1949, with the passage of the Export Control Act, the policy of the United States has been to use trade as a political, economic, military, and ideological weapon in the Cold War. That Act read: "It is the policy of the United States to use its economic resources and advantages in trade with communist-dominated nations to further the national security and foreign policy objectives of the United States."

The Export Control Act did this by restricting the export, to East Europe, of goods which might have potential military or economic significance such as to threaten the security of the United States. The basic assumption behind such a policy is, of course, that access to United States goods (or "know-how," as in the case of "exporting" ideas, techniques, or discoveries) gives a nation a particular advantage which it would not otherwise obtain.

With respect to military hardware or technology, this probably makes sense. But with respect to goods of "economic significance" or goods whose military application is at best remote, this policy reflects both an economic arrogance and immature impression of socialist economies.

Our arrogance is reflected in the implicit view that United States trade is some form of "aid"—a philanthropic gesture which ought to be bestowed where it is best deserved, rather than an economic activity motivated by mutual gain. This attitude is combined with an historical view of socialism as a political-economic aberration which would crumble from its own inefficiency—if only we would stop "propping it up" with our "trade-aid."

The use of trade as a Cold War lever is demonstrated by our willingness to relax restrictions even to communist countries which are seemingly "less so." Trade with Yugoslavia has no particular restrictions attached to it, and Poland and Romania have, through their assertions of semi-independ-

ence from the Soviet Union, "earned" a category by themselves which is subject to fewer controls than that encompassing the Soviet Union and the rest of Eastern Europe.

These political and ideological assumptions have been combined with a highly dubious technological assumption: that access to admittedly superior (in most cases) American technology would permit other countries to simply "copy" this technology, thus enabling them to feed upon our extensive research and development and thereby to "keep up" with us by short-circuiting the time and resources which have gone into the development of our superior technology.

In fact, of course, much of this technological arrogance is belied by Soviet as well as Japanese and West European advances in electronics, missilery, and other sophisticated products. In addition, vast amounts of technological knowhow are available to Eastern Europe through other Western nations and through scientific journals.

But an even more important refutation of the "technological lead time" argument in favor of controlling exports is the simple fact that technology cannot simply be "copied" to the economic advantage of the less technologically advanced economy. No country can simply "duplicate" the extensive and incredibly complex production and maintenance base needed to produce, for instance, an advanced computer. Furthermore, products actually on the market generally reflect a three to five year old technological state of the art. Thus, to the extent that a nation does pursue a policy of technological duplication, it does so at the expense of being locked into outdated systems without having developed the capacity to update national productive facilities.

This is not to say that less technologically sophisticated nations do not gain from importing advanced American technology. They do. Presumably, that is what trade has always been about. Our "comparative advantage" is, and will continue to be, in our ability to domestically design, develop and produce technology. It is probably to the advantage of East Europe—and all other countries—to develop as rapidly as possible their own technological capabilities. But as long as we retain our comparative advantage, it will be in the economic interest of these nations to buy from us the most advanced versions of technology, while producing for themselves those items which "fit" their own resources and technology.

On these assumptions—some perhaps valid at an earlier date, and some probably essentially fallacious—the United States sought to restrict exports to communist nations since the second World War. Last year's export control list contained approximately 1,300 categories of goods whose exports to Eastern Europe were restricted. As a result of these restrictions, in 1968 the value of our exports to East Europe was only about \$217 million, while the value of their imports from the rest of the major free world trading nations was about \$3.7 billion. Exports to East Europe have represented quite consistently about 0.6% of our total exports. While we do about 16% of total world trade, we do

only some 3% of the total East European trade—the fastest growing market in the world.

Thus, our export control policy, augmented by the prohibition of Export-Import Bank financing and guarantees to East Europe, the refusal to grant Most-Favored Nation (MFN) status to any of this group but Poland, and the cargo preference requirement which has virtually halted grain sales to East Europe, has certainly succeeded in restraining trade. But these policies have been patently unsuccessful, and even counterproductive, in promoting either the political or the economic interests of the United States.

On the one hand, our controls have really denied only a handful of "truly strategic" goods to East Europe—those goods on the list of the Coordinating Committee (COCOM) list, which our Western allies, along with Japan, mutually restrict from export to East Europe. But those categories which we unilaterally control—the difference between our list and the COCOM list—are goods which East Europe simply buys elsewhere in the West. The result is that we simply deny the trade to our own businesses, aggravate our balance of payments, enhance the position of our West European competitors, and deny nothing to the nations of Eastern Europe.

However, our restrictive policies might well be worse than ineffective; there is good reason to believe that they are counterproductive even from a political and ideological standpoint. If we can accept the premise that the East European socialist nations have sufficient political and economic viability to exist with or without our trade, then it would seem that the interests of peace and stability are best served by promoting normal political and economic intercourse between the West and the nations of Eastern Europe.

It should be obvious to any observer that the old monolithic communist bloc is a thing long past. The tragedy in Czechoslovakia, while a great temporary setback to the normalization of East-West (and East-East) relations, was clear proof of the bankruptcy of total Soviet hegemony in East Europe. If it is in our interest—and I think it is—to encourage the independence of these nations, then economic and commercial ties are perhaps the best course to pursue. Our insistence upon an economic isolation of East Europe serves only to perpetuate and solidify the economic, social, and political dependence of these nations upon the Soviet Union.

Our restrictive trade policies can even have a detrimental economic effect. Some years ago, for example, the Soviet Union attempted to purchase some wide-diameter pipe from Western Europe. We persuaded our allies to deny this sale. Consequently, the Soviet Union built their own plant to produce the pipe—a product which now competes with our own pipe in the West European market.

Our trade policies with respect to East Europe have thus been both ineffectual and counterproductive. They only deny to the communist nations those goods which have clear military or strategic potential and which all the COCOM nations have agreed not to sell. They do effectively cut our businessmen out of competition for the fastest growing trade market in the world. And they do continue to further the economic and political hegemony of the Soviet Union in all of Eastern Europe.

This was the situation when the International Finance Subcommittee of the Senate Banking and Currency Committee began extensive hearings on East-West Trade and the Export Control Act in 1968. Hearings were continued through the summer of 1969, and a bill was reported out which would have considerably liberalized East-West Trade policies. As co-floor manager, along with Senator Muskie, of the Senate bill which was debated in October of 1969, I was struck both by the readiness of the Senate to adopt a far more relaxed attitude toward East-West Trade and by the hostility of the Administration toward our legislation. In the face of direct Administration opposition and a considerably more conservative attitude on the part of the House of Representatives, our legislation went through two House-Senate Conferences and was finally enacted into law.

There were two basic changes in the new law through which we hoped to generate a more realistic policy toward the control of exports. As indicated above, the old Export Control Act required denial of a license if the item to be exported could contribute significantly to the military or economic potential of the nations in the controlled categories. The "or economic" criterion has been a source of constant confusion. Obviously, the Export Control Act was never designed to prohibit all exports; but just as obviously, there can be no trade which does not make at least some economic contribution to the receiving country. This provision seemed to reflect the general philosophy that our trade was some form of economic aid, the denial of which would insure the economic failure of the socialist economies.

The new Act removes "economic potential" from the criteria by which exports may be controlled. At the same time, we have preserved—in fact, made even more explicit—prohibitions against trade which can truly and substantially affect the national security of the United States.

The second major revision deals with the growing disparity between the categories which we control in conjunction with our allies (the COCOM list), and those which we restrict unilaterally. The latter set of goods—some 1200-1400 categories—are those which we may well presume to be freely available elsewhere in the world, and which are controlled only to the detriment of our own businessmen.² The Administration has repeatedly told us that "availability elsewhere" was, in fact, a criterion in its decisions, but the evidence accumulated through the hearings made it very clear that such consideration has been minimal at best.

The new law makes clear the intent of Congress that an item which is available from the major Free World trading nations other than the United States, shall be freely exportable from the United States without special licensing requirements, unless overriding national security considerations still require that the item be controlled. The decision to control an item in spite of its foreign availability should be made only after full and complete consideration has been given to that fact. In such cases, the Administration must report to the Congress

the reasons for requiring an export license in regard to that particular item. The report must include such details as a description of the articles in question, the nations affected by the decision, and the reasons for the decision. This provision should result in the removal of a large number of items from the unilaterally controlled list.

There are a number of other provisions in the bill which attempt to bring the law up to date, state the current intent of Congress, and give guidelines to the Commerce Department and other relevant agencies on how the law is to be administered. For example, the Act includes a finding that the unwarranted restriction of exports has had a serious adverse effect on the balance of payments. It also states that the uncertainty of policy toward certain exports has caused a curtailment of the attempts of American business to make those exports. Thus, the new Act recognizes the importance of American exports to the balance of payments and their importance to the overall financial and economic well-being of the nation.

The new law also declares it to be the policy of the United States "to encourage trade with all countries with which we have diplomatic or trading relations" while restricting trade which the President has determined to be against the national interest or where the export of products and technology "would make a significant contribution to the military potential of any nation or nations which would prove detrimental to the national security of the United States."

There is a clear mandate to the Administration to actually encourage trade in peaceful, non-strategic goods with the Soviet Union and the other nations of Eastern Europe. The new Act makes it very clear that Congress is calling for a visible change in past export control practices. The Secretary of Commerce is directed to "institute such organization and procedural changes . . . as he determines are necessary to facilitate and effectuate the fullest implementation of the policy set forth in this Act with a view to promoting trade with all nations with which the United States is engaged in trade, including trade with (a) those countries or groups of countries with which other countries or groups of countries having defense treaty commitments with the United States have a significantly larger percentage of volume of trade than does the United States, and (b) other countries eligible for trade with the United States but not significantly engaged in trade with the United States."

This, of course, is the curious and wonderful way in which Congress says we must begin to encourage trade with Eastern Europe.

The Department of Commerce, in addition, is required to review all of its current control list "with a view to making promptly such changes and revisions in such list as may be necessary or desirable in furtherance of the policy, purposes, and provisions of this Act." Again, in plainer words, Congress has clearly told Commerce to cut down the number of categories unilaterally controlled.

I think it is very clear to emphasize this language for two reasons. First, as in so much legislation, Congress can only declare a policy and set certain standards or restrictions. The real change must come from a responsive bureaucracy in the administration of the legislation.

² About 1750 categories are controlled to Poland and Romania, about 2000 to the remaining East European countries, and between 500-600 categories are on the controlled list of COCOM.



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Senate

SOIL AND WATER CONSERVATION IN MINNESOTA

Mr. MONDALE. Mr. President, I support H.R. 17923, the agriculture appropriations bill. I particularly commend the distinguished Senator from Florida (Mr. HOLLAND) and the other Senators for their actions regarding the agricultural conservation program, the Soil Conservation Service, and the rural electrification program.

Earlier in this session I spoke to the Senate on the value of retaining the ACP and funding REA. I am pleased that the committee has not eliminated the agricultural conservation program as suggested by the administration. Their action in increasing funds for rural electrification and rural telephone loans is also commendable.

Although I would have liked to see the committee stress the need for a continued rural development effort—and I have not given up on a concerted USDA effort in this area—the measure before us today offers a reasonable budget for rural America.

Mr. President, I wish to bring to the attention of Senators the good work in soil and water conservation which is going on in the State of Minnesota.

The efforts in conservation of soil, water, forests, and related resources have done much to improve the quality of the environment in my State.

Minnesota is blanketed by 90 soil and water conservation districts. They cover 49 million acres of land. Each district has a conservation program to fit its local problems. It uses a combination of local, State, and Federal services to put its own program into effect on individual farms and in communitywide projects.

Each district is self-governed. Each has authority to enter into working agreements with other governmental agencies and with private concerns to carry out its purposes.

Some 500 dedicated lay leaders in Minnesota are giving inspired and strong direction as the governing bodies of Minnesota's 90 soil and water conservation districts. Their primary source of assistance from the Federal Government is from the Soil Conservation Service and its dedicated corps of soil conservation scientists and technicians.

The Soil Conservation Service is furnishing assistance to the citizens of Minnesota through three primary sources:

First. Onsite technical assistance to individuals and groups in preparing and applying conservation plans for their land.

Second. The watershed protection and flood prevention authority under Public Law 566.

Third. The resource conservation and development projects authorized by the Food and Agriculture Act of 1962.

CONSERVATION PROTECTS YOUR ENVIRONMENT

The technically trained conservationist is the key to the effective assistance from the Soil Conservation Service. In Minnesota these conservationists are counseling 58,000 soil and water conservation district cooperators on land-use decisions, erosion control, water management, and other natural resource management problems. The foundation for

technical advice is the scientific soil survey, prepared by soil scientists. They interpret the information for use by rural and urban landowners. The data is useful for such land uses as crop production, building sites, waste disposal, recreation, wildlife and land use planning and zoning.

A major benefit of conservation practices is pollution abatement. Conservation practices help improve the quality of man's environment.

Mud is the largest pollutant, by volume, of our streams, lakes, and harbors. Mud comes from erosion. It is the soil that washes from unprotected land. Improved tillage practices, terraces, trees, crop rotations, and grass on bare land and roadsides help keep soil at home. Pollution is reduced, and all water users benefit.

The Soil Conservation Service also helps towns, industries, and others to locate sites and install sewage lagoons, sanitary landfills, living screens of trees, and other measures to help eliminate ugliness and pollution.

WATERSHED PROJECTS CREATE MORE DESIRABLE COMMUNITIES

The Minnesota State Soil and Water Conservation Commission has received 66 applications for assistance under the Watershed Protection and Flood Prevention Act. Of these 24 have received planning authorization, 14 are approved for operations and four have been completed.

The estimated project installation cost for the 14 watersheds approved for operations includes \$4 million Federal construction costs, \$1.9 million local construction costs, a half million dollars technical assistance for land treatment, and \$3.8 million local costs.

In those watersheds completed, landowners have indicated they are providing the protection from flooding and erosion that was projected at the time the watershed work plan was approved. When there are floods crops are destroyed, and fences, bridges, and highways swept away. Homes, schools, and factories are damaged. Communities in watershed projects are protected from flood damage because their surplus water is held back, then released at a controlled rate, by watershed structures.

To the basic watershed protection pattern of small watershed projects, features can be added for municipal water, recreation, wildlife, agricultural water, beautification, and other benefits that enhance the quality of living. Land which was once flooded is returned to food, forest, and wildlife production or developed for recreation use.

Land in a protected watershed rises in value, and so does the tax base. Conservation treatment of all land including the watershed lakes and stream channels cuts down soil erosion and results in less sediment and pollution from silt. Watershed ponds and lakes add new, clear water areas for farm and home and industrial uses, recreation, and fish and wildlife production.

RESOURCE CONSERVATION AND DEVELOPMENT

Residents of two areas in Minnesota are working together in resource conservation and development projects. Guidance and financial aid is furnished by the Soil Conservation Service and other agencies under authority of the Food and Agriculture Act of 1962.

Resource conservation and development goals are the conservation and balanced development of the natural resources of the area to create a better, safer place to live, more employment and increased income, and other benefits. All segments of the community—rural, urban and suburban—work together to improve the quality of the environment. Conservation projects increase opportunities for wholesome outdoor recreation.

The west central Minnesota resource conservation and development project includes Swift, Pope, Wadena, Kandiyohi, Otter Tail, Grant, Douglas, Stevens, and the Todd Soil and Water Conservation Districts. The Onanogozie project in east central Minnesota includes the Aitkins, Carlton, Kanabee, and Pine Soil Water Conservation Districts.

These two projects initially included 257 project measures. Fifty-five of these project measures have been completed and are in operation. This supplies 144 man-years of installation labor and 256 man-years of annual employment.

The gross annual income of measures already established is estimated at \$1.6 million. The active project measures in the two resource conservation and development projects now in operation in Minnesota will provide an estimated 2,430 man-years of installation employment, 1,677 man-years of employment annually, with an increase of annual gross income of \$36 million.

STATE AND LOCAL SUPPORT

In order to have a greater role in improving the quality of the environment, Minnesota Soil and Water Conservation Districts worked with the State legislature to update their enabling act and provide ways and means for districts to work with more people. This resulted in enabling legislation where the county boards of commissioners and soil and water conservation district boards can now enter into agreements for the sponsorship, application and maintenance of projects. It also provides for district boards to present a budget and receive up to \$15,000 annually from the county commissioners to carry out their program.

The Minnesota Legislature also passed enabling legislation to provide county governing bodies with the power to develop zoning ordinances for flood plains and shorelines. It has become evident that guidelines for developing this type of ordinances need to be tied to soil survey and proper land use. They have called on Soil Conservation Service personnel for help.

RESEARCH

I must also add a comment about the research program of the North Central Soil Conservation Research Center at Morris, Minn.

This research program is continuing to meet a need for soil and water conservation research in an area encom-

passing parts of Minnesota, Iowa, North Dakota, and South Dakota. This is an area where major concern is now focused on agriculture's role in the maintenance of clean water. It is an area where fresh, cool, clear lakes are an important economic resource.

I have legislation pending now which would provide a massive national effort toward the restoration and preservation of our fresh water community lakes. My previous clean lakes legislation, now part of the Water Quality Improvement Act, focuses on the kind of research which is possible through such centers.

All of the research at the North Central Soil Conservation Research Center relates either directly or indirectly to environmental quality. The total effort is directed toward soil and water conservation.

The program includes water quality studies which will evaluate management practices in terms of their influence on nutrient levels of both surface and ground waters and will develop practices which will insure maximum efficiency in water use consistent with minimization of nutrient enrichment.

Irrigation research will develop principles of water application and fertilization that will minimize the contribution that fertilizer materials make to surface and ground water. Fragipan soils present problems with excessive surface water runoff and the danger of surface water enrichment from animal wastes and fertilizer.

IN SUMMARY

The control of pollutants from agriculture is inseparably related to soil and water conservation. The only receptacles for the growing quantities of unwanted materials which foul the environment are soil, water, and air.

The Soil Conservation Service is increasingly emphasizing sediment control, measures that contribute to pollution abatement, and the prevention of offsite damages that affect streams and urban areas. Wind erosion control, terracing, contour plowing, streambank protection, reservoirs, ponds and control of critically erodible areas are examples of conservation work which have a significant effect in reducing pollutants.

The Soil Conservation Service is now

in a position to contribute many kinds of basic technical information about natural resources and improving the quality of the environment. It provides technical help to landowners and communities in solving resource problems. It provides assistance in achieving more positive aims such as new recreation, new job opportunities, more pleasant scenery, and more wildlife to enjoy.

So I suggest to my colleagues this. If we are really serious about improving the quality of the environment, and if we are really serious about attacking pollution in this country, then we should strengthen substantially the Federal appropriations for the Soil Conservation Service.

The bill before us provides much of this effort.

Mr. President, to further explain the extent of SCS activities in Minnesota, I ask unanimous consent that a breakdown of the program by counties and program payments, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SOIL CONSERVATION SERVICE PROGRAM PAYMENTS TO MINNESOTA COUNTIES, FISCAL YEAR 1969

County	Conservation technical assistance	Soil surveys	River basin surveys and investigations	Watershed planning	Watershed works of improvement	Watershed protection	Resource conservation and development	Emergency conservation measures	Soil Conservation Service programs, fiscal year 1969 total
Aitkin	\$17,922						\$1,489		\$19,411
Anoka	8,794				\$437,667				446,461
Becker	24,100		\$61						24,161
Beltrami	19,713		90						19,803
Benton	19,623								19,623
Big Stone	21,655		73				4		21,742
Blue Earth	19,809			\$134	123				20,066
Brown	17,530			208					17,738
Carlton	16,412	\$20,120	93				3,207		39,832
Carver	19,468								19,468
Cass	10,687								10,687
Chippewa	18,045								18,045
Chisago	12,760	49							12,809
Clay	21,492								21,492
Clearwater	9,997		46						10,043
Cook									
Cottonwood	20,101			305					20,406
Crow Wing	12,374						46		12,420
Dakota	18,729								18,729
Dodge	10,049								10,049
Douglas	21,660	23,884	45				4		45,593
Faribault	14,668								14,668
Fillmore	33,469				547				34,016
Freeborn	41,292	14,883						\$1,713	57,888
Goodhue	30,843								30,843
Grant	15,579		17				11		15,607
Hennepin	22,589	33,037							55,626
Houston	29,544		13	1,366	352,082				383,005
Hubbard									
Isanti	12,255								12,255
Itasca	27,771	8,017	114				1,164		37,066
Jackson	21,159								21,159
Kanabec	18,508	75					3,270		21,853
Kandiyohi	22,531						16,103		38,634
Kittson	28,661		169		45,775				74,605
Koochiching	631								631
Lac Qui Parle	17,431								17,431
Lake									
Lake of the Woods	9,730								9,730
Le Sueur	20,851				12				20,863
Lincoln	21,553				709				22,262
Lyon	80,429	13,610		841	13,572				108,452
McLeod	17,557								17,557
Mahnomen	10,675		19						10,694
Marshall	31,303		142		5,885				37,330
Martin	18,301								18,301
Meeker	16,544								16,544
Miller	11,472								11,472
Morrison	23,882	33							23,915
Mower	22,084								22,084
Murray	14,690								14,690
Nicollet	91,281	30,418		940	11,519				134,158
Nobles	23,892	14,458			78,643				116,993
Norman	30,226	10	42						30,278
Olmsted	95,048	19,087		10,361	7,658				132,154
Otter Tail	98,221	12,797	97				43,485		154,570
Pennington	74,048	34,402	189	503	20,912				130,054
Pine	18,044						34,002		52,046
Pipestone	15,962	17							15,979
Polk	41,100		169	240					41,509
Pope	17,055						7,521		24,576
Ramsey	301,581	72,810	28,831	106,780	50,039		48,715		608,756
Red Lake	9,182		31						9,213
Redwood									
Renville	14,864								14,864
Rice	18,794								18,794
Rock	21,623								21,623
Roseau	22,082		\$104		\$7				22,193
St. Louis	73,284	\$11,612	131				\$7,136		92,163
Scott	18,248								18,248
Sherburne	2,414	17							2,431
Sibley	21,518								21,518
Stearns	93,012	31,042			227		1,107		125,388
Steele	30,314	13,240			1,800			\$970	46,324
Stevens	20,295						6		20,301
Swift	20,075	235					60,512		80,822
Todd	20,590								20,590
Traverse	18,460	6	48						18,514
Wabasha	23,510				232				23,742
Wadena	12,669						22,963		35,632
Waseca	27,577				39,852			6,374	73,803
Washington	20,763	547							21,310
Watsonwan	19,698			\$297					19,995
Wilkin	15,715		92						15,807
Winona	24,193				194				24,387
Wright	22,404								22,404
Yellow Medicine	18,624			2,124			144		20,892
State total	2,373,288	354,406	30,586	124,099	1,067,455		250,889	9,057	4,209,780

Source: Federal outlays in Minnesota, fiscal year 1969, compiled for the Executive Office of the President by the Office of Economic Opportunity, 1969.



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No. 139

Senate

SCHOOL INTEGRATION—A TIME TO FULFILL THE COMMITMENT

Mr. BAYH. Mr. President, integration in our Nation's schools has become an issue of primary concern and utmost priority. This issue raises not only the crucial question of racial prejudice and bigotry, but presents even more strongly the question of the future of public schools and quality education. Continued resistance to quality school integration and the delaying tactics employed by high officials are shocking, especially when one realizes the situation has reached the crisis point.

The Senator from Minnesota (Mr. MONDALE), chairman of the Select Committee on Equal Educational Opportunity, recently was a guest on the Columbia Broadcasting System's program "Face the Nation." On that show Senator MONDALE discussed the values of school integration, its prospects, and the need for national leadership in this effort to obtain equal educational opportunities for all children. He said at one point:

My position is that the only way to achieve integration is to do it responsibly, to bring the school children together in a quality environment in which quality education exists and in which everything possible is done to make it succeed. The present half-hearted system in many cases is doing great damage and to call it even desegregation is to stress the meaning of the word.

When asked about the attitudes of blacks in relation to integration—especially in view of the half-hearted policy being pursued at present—Senator MONDALE said:

Should . . . frustrations continue to develop and these open and acute diversions continue to occur, if the law of the land continues just to be some sort of trick as they see it, I can see where Black America will back off the whole objective of living together in an integrated society, and if that happens, then I think the darkest predictions of the Kerner Commission could well come true.

Mr. President, in order that Members of Congress as well as citizens around the country may have the opportunity to read the full text of Senator MONDALE's excellent remarks, I ask unanimous consent that the transcript of the interview be printed in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

FACE THE NATION

(Broadcast over the CBS Television Network and the CBS Radio Network, July 26, 1970)

Guest: Senator WALTER F. MONDALE, Democrat of Minnesota.

Reporters George Herman, CBS News; Jesse Cook, Time Magazine; Daniel Schorr, CBS News.

ANNOUNCER. Senator Mondale, the Justice Department says that by fall the old segregated school system of the South will have been wiped out. You have just returned from a trip through Alabama, Louisiana, and Texas. Is school segregation about to be dead?

Senator MONDALE. I doubt it very much. I think a good deal of the job remains ahead of us. Unless we get a more complete commitment out of the Justice Department and the President of the United States, I think this fall is going to be a very difficult period indeed.

ANNOUNCER. From CBS, Washington, in color, "Face the Nation," a spontaneous and unrehearsed news interview with Senator Walter Mondale, Democrat of Minnesota.

Senator Mondale will be questioned by CBS news correspondent Daniel Schorr, Jesse Cook of Time Magazine and CBS News Correspondent George Herman.

Mr. HERMAN. Senator, what did you mean by a difficult period? Do you mean there is likely to be a disruption of some kind?

Senator MONDALE. There could very well be disruption. I think there is deep remaining resistance to these court orders and there is growing concern in the black community among black teachers, among black leaders, as to the way in which it is being done.

In addition to this, there are all kinds of circuitous ways in which the resistance movement avoiding the reach of the Court orders, such as the private segregation academies and segregation within a school so that black children go to separate classes. In these ways the hope for successful desegregation or integration is being frustrated and is creating great and serious problems that could well explode.

Mr. Cook. Senator, earlier this year you charged that the President is tearing us apart on this issue and you added that his civil rights record was one of political expediency which has sacrificed the cause of human rights.

Since then, as you know, the Administration has filed a host of desegregation suits, negotiated a number of voluntary compliances from several districts, altered its tax policies on segregationist academies, and you have called this hopeful but you don't seem to have basically altered your view of the Administration's motives or record. Why is that?

Senator MONDALE. Well, I think that what is really needed is a strong moral leadership role by the President of the United States. This he has refused to supply. Instead of that, it has been a negative, half-hearted appeal to the country to comply with the law.

In addition to this, the Justice Department has been off and on again so many times that the net result is to encourage resistance to the enforcement of the law in the South. And that is why when I say I am encouraged by the commencement of these lawsuits and by the change in the tax exemption issue by the Justice Department that, too, depends upon the administration of the Justice Department, of the Internal Revenue Service, and I wait to see what happens there.

Mr. SCHORR. Senator Mondale, you call it negative and halfhearted. Senator Strom Thurmond seems to think it is going much too far and that, as a result, President Nixon may have difficulty winning the South in the next election.

Do you think you are performing a service for the cause of integration by attacking the Administration from one side while Senator Thurmond is attacking from the other side?

Senator MONDALE. My position is that the only way to achieve integration is to do it responsibly, to bring the school children together in a quality environment in which quality education exists and in which everything possible is done to make it succeed.

The present half-hearted system in many cases is doing great damage and to call it even desegregation is to stress the meaning of the word. I don't know what Mr. Thurmond has in mind, but that is what I have in mind.

Mr. SCHORR. He has in mind 100 lawyers. If those 100 lawyers are going down to help and all these court suits that have been filed and all the things that Jesse has just mentioned. They have done a lot, haven't they?

Senator MONDALE. Well, let's take the case of the so-called 100 lawyers, because I think this is typical of what this nation has seen in this Administration's policies.

First, there was an announcement of the Justice Department that somewhere around 100 Federal officials, lawyers and assistants would seek to monitor outstanding Federal Court Orders and would establish temporary offices to which complaints could be made by concerned citizens in the South.

The next day Strom Thurmond gave his speech attacking it. The following day the Attorney General said this was only a tentative plan, and the following day the President of the United States attacked the proposal of his own Administration and called it a program of vigilante movements into the South. Now, how does anyone follow a course like that and come away with any confidence?

Mr. SCHORR. But, I don't want to argue with you, but did the President attack it or did he merely try to reassure the South

that these people would not be behaving like the vigilantes? In any words, change the language but go ahead with the program.

Senator MONDALE. Well, he didn't say he was going ahead with the program. I hope he does, and if he does, I will commend him for it. But at this point it appears to me that he has criticized this tentative minimal proposal of his own Justice Department.

Mr. COOK. Senator, there has been a lot written and said recently in the last couple of weeks in a report to the President from members of his own Administration about the dangerously rising frustrations among blue-collar workers in the \$5,000 to \$10,000 a year category, 70 million Americans among them. This is the group that includes, as you know, whites most resentful of integration efforts. They can't buy their way out either by private schools or privileged neighborhoods.

How do you propose to spur integration as you have proposed on many occasions without pushing them over the brink?

Senator MONDALE. Well, I think that the first essential element is strong Presidential leadership, leadership which in strong terms says that integration is important to the health of this country and important to the education of our children.

I campaign and have campaigned for years with blue-collar workers. I wouldn't be in the United States Senate if they weren't for their support. I think they are a lot more decent and a lot more desirous of a healthy America than some people suppose, and if the President would provide the kind of leadership that this nation needs in this field and say: "Now, look, this country is tearing apart. It is becoming increasingly frustrated. The possibilities for civil disturbances and explosions are growing daily and millions of children are not getting a decent education. Increasingly we are living apart. And the curse of racism is perhaps the most serious social disease in America. And I say as the President of the United States it is time for us to start living together. It is time for us to spend the money that we need to spend for quality education to give these school children a chance, and I am asking all Americans to join me. I think if we heard that kind of talk out of the White House, we would get a much stronger response from the American people.

Mr. COOK. Senator, isn't this talk of the President providing national leadership, has he actually provided less than several previous Democratic Presidents?

Senator MONDALE. Well, first of all, I think in a sense that is irrelevant. But, secondly, I think that one of the high points of President Johnson's Administration was his consistent and strong support in these fields.

Most of the basic legislation that we now have in civil rights fields, including the Voting Rights Act, the Fair Housing Act, work protection clause, the basic Civil Rights Act, came about because of his leadership.

In addition to that, during his period of the Presidency, every Attorney General and every civil rights Assistant Attorney General was strongly committed and was seen as such by those who believed in desegregation. And during this period the Title VI office, which is the HEW office designed to use the Civil Rights Act to enforce compliance, was very active and very effectively active in trying to bring about desegregation.

In these and other ways, I think it was quite clear that that Administration was committed to the objective of desegregation, but let me say I think that is quite irrelevant. What really counts now is that Republicans and Democrats, whites and blacks, and all of us see the absolutely serious situation in which we now find ourselves and take those steps together.

Now, sometimes it misses press attention, but I have often commended this Administration when it has taken steps that I

thought were in support of successful desegregation. Only then to be disappointed when they back off the things they have said. And all I am saying to this Administration, and I have said it to them privately, if you will support desegregation and quality integration, I will be the first to stand up and fight along with you to achieve that objective.

Mr. HERMAN. Senator, last night, you released two letters, one to the Attorney General, the other to the Commissioner of Internal Revenue, and those letters I note were written July 21. That is sometime ago. And in your letter to the Attorney General you say that you talk about the Attorney General's decision, rather the Assistant Attorney General's decision to send the task forces South and you say subsequent to that announcement other Administration officials, including the President, has indicated the announcement was premature, and so forth, and you go on.

Have you heard anything from the Administration since this letter of July 21?

Senator MONDALE. Mr. Thrower, the Commissioner of Internal Revenue, has agreed to testify in early August. I have not yet heard from Attorney General Mitchell.

Mr. COOK. Senator Mondale—

Mr. HERMAN. Have you heard anything from Jerris Leonard, the Assistant Attorney General in question? Is he acceptable to you as a witness?

Senator MONDALE. Well, we have already heard from Assistant Attorney General—

Mr. HERMAN. But on this particular question that you raise.

Senator MONDALE. Well, we are hoping to have Attorney General Mitchell personally testify before us. Mr. Leonard, in response to several of our questions, said that he was unable to speak for this Administration in broad public policy, and we wish that Attorney General Mitchell would come before us so we would have a spokesman who could.

I feel that this is terribly important because one thing that is happening is that in this half-hearted program, literally hundreds of thousands of school children are being put into situations which in many cases are more destructive than nothing at all. I think we need a strong program of quality integration in which we agree to work for school environments that support children getting together and learning better than they are today. And I want to hear that from one of these Administration leaders, and hopefully Attorney General Mitchell would come before us so we could find out what the real policy is and perhaps be on stronger ground.

Mr. HERMAN. Well, as you know, the Administration, especially Mr. Mitchell, have repeatedly said, observe not what we say but what we do. Now, they have made this commitment, too, in their words, wipe out the old segregated school system by this fall. What do you think we are going to see by this fall? Will there be something that they can claim is, in fact, a wiping out of segregation?

Senator MONDALE. Well, I think that is a total mystery, which is why I would like to hear from Attorney General Mitchell, and I think further that both what an Administration says and what it does is terribly important. On both levels, it seems to me, there is substantial failure and I think it is just the sheer uncertainty of President policy which is contributing to the disarray and frustration which we see throughout the country.

Mr. SCHERR. Senator Mondale, after your recent quiet one-man trip South you reported that if this massive desegregation goes as it appears now to be going without the full elimination of discrimination, private academies, a lot of evasive tactics you said there will be difficulties, trouble. Can

you describe what you expect to happen if things go as they appear now to be going?

Senator MONDALE. Well, first of all, let me just comment on some of the things that I saw which we had earlier heard about.

One of the biggest things happening in some Southern States today is the development of the private segregation academy movement. This is not just a technical modest movement. This is a major development by which private segregation academies are being created and expanded to permit white children to flee desegregation schools.

Unless the Administration is serious about the enforcement of their tax-exemption policy, I think this movement will be encouraged.

Secondly, many of the so-called desegregated schools are desegregated only in the sense that the front door is one through which all students pass. After that, they never see each other again except at a distance. They go to classrooms, in many cases, in separate classes. They use the hallways at different times. Sometimes the black children are stuffed into the basement or into other abandoned buildings. Many times the black teachers are demoted or fired. I heard a great deal of that.

In addition, many of these segregation academies are being created in part through the transfer of public property as well. Occasionally a public school building is sold at a nominal price. School desks, text books, teaching materials, teaching equipment and the rest are given away or sold at nominal prices. And this is creating tremendous frustration in the South.

Mr. SCHERR. What consequences do you foresee if the schools open this way in September?

Senator MONDALE. Well, I think part of that was disclosed by this panel of young students that we had before our Committee. These are young students in their teens who had had experiences with these half-hearted, so-called desegregation experiences and it was clear that they were deeply frustrated and terribly alienated by the process.

Where that might take them, I don't know. I hope and pray that we won't have violence. We have had examples on the other side at Lamar, South Carolina, and so on, where we have seen violence erupt in opposition to desegregation. There are other examples of growing tension. I think only the strong Presidential leadership that I have talked about and strong leadership of the Justice Department, and that kind of support, will achieve enforcement of the law and bring about the kind of environment which offers hope to the school children.

Mr. SCHERR. But I have heard witnesses before your Committee say, black witnesses say, that if schools open with half-hearted desegregation, they won't take it. It won't work. It will break down again.

Senator MONDALE. Yes.

Mr. SCHERR. I don't understand what that means.

Senator MONDALE. Well, they many times spoke vaguely. Right now it is my impression that most black people still believe in integration. They still want to make it work, even though all of these frustrations are being visited upon them. But I am of the impression that support is beginning to wane as these events occur. Should this frustration continue to develop and these open and acute divisions continue to occur, if the law of the land continues just to be some sort of trick as they see it, I can see where Black America will back off the whole objective of living together in an integrated society, and if that happens, then I think the darkest predictions of the Kerner Commission could well come true.

Mr. COOK. Well, Senator, on that score, you billed your Committee when it began its hearings as one which would seek to develop a national demand for integration. Do you

think you have actually made a dent, not just nationally, even Congressionally?

Senator MONDALE. Well, yes. In the adoption of the first section of the President's Emergency Act, three amendments that largely came out of our work and from what we were able to develop in our Committee, including requiring that it be a national program, were adopted. Those are now part of the law.

When the President's full Emergency Act comes up, I am hopeful that much of what we have learned could be used to develop legislation before Senator Pell's Education Subcommittee and, as you know, we are now going to turn to the educational problems of segregated communities in the North, and to try to explore on a national basis—we have had much testimony along that line already, but we hope to have field trips which permit us to explore some of these equally difficult and compelling problems.

Now, one of the reasons that we have begun first with this field trip that I took into the South and some of the testimony that we have had in the South is that the President sent up an emergency bill which he had proposed be limited primarily to the Deep South States, and some of the border States.

I would think it far better if it were expanded to become a national law because this is a national problem. I think anyone who tries to convert it just into a Southern problem does great injustice to the South and delays the kind of national approach that we need.

Mr. HERMAN. Are you confident about America's response to problems and challenges of this kind? One of your interests is the problems of migrant workers. Now, they were first reported in shocking detail in 1901 by an industrial commission. CBS had "A Harvest of Shame" and "Hunger in America." Now we have the NBC White Paper. And still almost nothing at all has been accomplished.

Senator MONDALE. Mr. Herman, I spend most of my time in the Senate on human problem committees. I think I am on more of them perhaps than any other member of the Senate. I have been all over this country, in its ghettos, on its Indian Reservations, migrant camps and pockets of rural poverty, white poverty, with the Eskimos and Aleutians and all over, and I must say that I am stunned and shocked by the capacity of American society to permit human deprivation when those persons lack the power which we have to speak up for themselves. Lack political power to elect persons who understand and will work for the solution of their problems. Lack economic power through any kind of decent share of the wealth or through unions. And lack the social power to be heard and understood. I do not believe that most Americans would tolerate these conditions to exist if they had to live in them themselves.

Mr. SCHORR. With all respect, Senator Mondale, it is one thing to say that the American people wouldn't tolerate them or that they do seem to tolerate them, but you had the appropriate Subcommittee in the Senate, you had another week of hearings exposing these problems. Do you fold up, having gotten all the coverage, or do you introduce some legislation? What happens in Congress?

Senator MONDALE. Well, one of the reasons I spoke as despairingly as I did is during these hearings concerns an amendment which I had led the fight on in the Senate. The amendment would extend unemployment compensation to migrant workers. We adopted the amendment in the Senate but it was knocked out by the Conference Committee and yesterday was lost on the House Floor. For a year now I have been carrying on a campaign to get the Immigration Service to enforce the law at border crossings because the real source of migrant problems is

the source of poor, impoverished migrants coming up freely from Mexico.

We have gotten no response from them at all. I have been supporting and have sponsored legislation for increased authorizations for migrant health programs, migrant education programs, legal services for migrants, and the rest, only to find that they are not either properly funded or the funds somehow get diverted into other hands.

Mr. SCHORR. So it starts in Congress.

Senator MONDALE. It certainly starts in Congress.

Mr. SCHORR. Starts in Congress with Senators and Representatives—

Senator MONDALE. That is correct.

Mr. SCHORR.—who are more amendable to the pressures of the growers than to impoverished peons.

Mr. COOK. Senator, on that score—

Senator MONDALE. If I might just respond to this, in no sense am I trying to deflect the responsibility which Congress shares. I think we are all responsible. But it is the phenomenon which I think is sometimes ignored, and that is that if you find a powerless people in America, they are usually desperately poor people.

Mr. COOK. On that score, Senator, Liberal Democrats haven't been wildly enthusiastic about the President's Welfare Reform. Wouldn't that be the direct way to help these people, to put \$1600 a year directly into their pockets?

Senator MONDALE. Yes. I am one of those who believes that President Nixon's best proposal has been the family assistance plan. I would like to see it liberalized and improved, some changes made, but I think that the direction indicated by that legislation is terribly important and I have said so on many occasions.

Mr. HERMAN. The key to getting these bills that you want, this help for the poor people, and so forth, out of Congress is the election of people who think like yourself. You have a mid-term election coming up in November. How does it look to you? The Republicans seem pretty happy about their prospects.

Senator MONDALE. I don't know. I think we are going to pick up strength in the House. I think we have a very tough fight on our hands holding the Senate simply because of the 35 Senators up for re-election, twenty-five are Democratic. They control the White House and it permits the President to do a certain amount of campaigning around the country which we are now seeing. And I think we are going to have a tough year.

Mr. HERMAN. Do you find what the President has been doing this week improper?

Senator MONDALE. No. I think we can just label it for what it is. Presidents have been doing it for years. I didn't mean to imply that.

Mr. COOK. Let me push you just two years farther, Senator. There is a group of Liberal Democratic Senators, yourself among them, who might be described as the Lightning Could Strike Club, mentioned as Dark Horse Presidential possibilities. Do you consider yourself a member of that Club?

Senator MONDALE. No, I don't, and I have been impressed by how little I have been included in that list.

Mr. COOK. Impressed or depressed?

Senator MONDALE. Impressed. Let me say that I think one of the things that is terribly important is that Liberals in the Senate and in the House not all run for the Presidency. Some of us ought to stay back there and do the work and I am perfectly glad to be one of those.

Mr. HERMAN. Coming back to 1970, what do you see is the major problem for the Democrats or for the Republicans? Are you going to be helped by the state of the economy? Are you going to be helped by some of these issues like migrant workers and school segregation? Is there a national issue, in other words?

Senator MONDALE. I think the management of the economy is very much in issue. There has been a deliberate policy to slow economic growth. We have very high inflation. We have rising unemployment. We have an old economics policy which has produced both extremes and has lost us through depressed economic growth nearly \$30 billion of wealth this year and perhaps \$12 billion to \$14 billion of revenue.

Mr. HERMAN. The President is sure to come out and say, as he has been saying all along, that Congress is doing the heavy spending while he is trying to cut.

Senator MONDALE. In fact, we have cut his budget nearly \$6 billion last year. His complaint when you analyze it is not that we are raising his budget, because in fact we cut his budget last year by that amount, but that we are trying to increase spending in human problem fields of health, of nutrition, of education, and the other fields while he would have us spend billions of dollars in such things as the supersonic transport, Phase 2 of the anti-ballistic missiles, space stations and shuttle programs, and things of that kind.

I think we have helped to reshape this nation's priorities but we have got a long way yet to go.

Mr. SCHORR. Senator, you gave a properly dignified response to the lightning-might-strike question. I want to ask you a somewhat different question because I don't think any man in your position would say I am running for President in 1972.

Senator MONDALE. I will.

Mr. SCHORR. You will? How do you mean that?

Senator MONDALE. I am not running.

Mr. SCHORR. You are not running. Well, let me—that is not the question I want to ask. I accept your announcement.

Since the death of two Kennedys, there are several with us today on Face the Nation. Several Senate Liberals, each of whom has taken over a part of fighting causes of the poor. Senator McGovern, there is you, and there are a couple of others.

How do you see this process of acting as the exponent for social causes? What do you see as your future role?

Senator MONDALE. I don't know but I am absolutely convinced that unless these causes are fought and won, that this country is in for very serious difficulties.

In addition to that, I can't live with what I have seen, the poverty, the hunger, the destruction of children, the disgrace of the conditions under which these people live. I just can't live with it. And I feel a duty along with many others in the Congress to do all that I can to try to get this nation to shift its policies so that Americans by the millions who are now denied will have a decent chance for a full life.

Mr. HERMAN. Senator—

Senator MONDALE. We are a long way from that and I feel deeply about it.

Mr. HERMAN. We have about 15 seconds left. In that struggle that you have just outlined, are you going to have as the Junior Senator from Minnesota to help you, Mr. Hubert Humphrey?

Senator MONDALE. Yes, I am sure we will.

Mr. HERMAN. You are sure that he is going to be re-elected?

Mr. MONDALE. Yes, I am, and I am supporting him.

Mr. HERMAN. Okay. On that note, thank you very much for being with us today on Face the Nation.

Senator MONDALE. Thank you.



United States
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Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, SECOND SESSION

Vol. 116

WASHINGTON, FRIDAY, AUGUST 21, 1970

No. 146

Senate

AGRICULTURAL ACT OF 1970

Mr. MONDALE. Mr. President, as a result of the agricultural bill which passed the House August 5, the wheat and feed grain farmers of Minnesota stand to lose between \$40 to \$50 million annually in lower price supports. This figure does not include the future loss in income to those raising livestock—which will be an inevitable result of lower feed grain prices.

The House bill does contain a reasonable dairy class I base plan, a needed extension of the Food for Peace Act, and an acceptable extension of the Wool Act—all of which should be retained in any bill passed by the Senate.

But in regard to wheat and feed grain farmers, the House bill does not approach the income stability of the present farm program. The inadequate and unfair provisions of this bill are in part a result of vacillation and lack of leadership by the administration.

Under the guise of giving farmers more flexibility, the bill would instead assure lower wheat prices and lower feed grain prices. Wheat and feed grains are already selling too cheaply, and yet the House passed a bill which will further force down the prices for these commodities.

I have written to the Senator from Louisiana (Mr. ELLENDER), chairman of the Committee on Agriculture and Forestry, urging his committee to report a bill which will meet the needs of Minnesota farmers. I intend to do everything possible in the Senate to assure the passage of a fair and equitable farm bill.

Since farmers have been caught in a terrible cost-price squeeze in recent years—one that has made our farmers the chief victims of both recession and inflation—an improved farm program is essential.

Instead, the House passed a farm bill which can only worsen the plight of wheat and feed grain farmers in America.

For years, Representatives and Senators from predominantly rural States have been told that they must explain to their constituents the problems of America's urban areas—and that they must support programs to improve our decaying cities.

Many of them have done so. Now, it is time for those from predominantly urban States to understand the needs of rural America and to support programs to meet these needs.

For in the long run, it is not just America's farmers who will suffer if the

House-passed Farm bill becomes law; this bill will have an adverse impact on our entire society.

When the farmer's income is lowered as a result of reduced prices, more and more farmers will be forced off of farms and will migrate to already overcrowded cities. At a time when we desperately need to revitalize and rejuvenate the rural areas of our country—when we need a policy of rural-urban balance—we will be moving in precisely the opposite direction by enacting this bill. There will be more unemployment, more poverty, and our cities will be further overwhelmed by their problems.

If the legitimate needs of rural America are understood, then I am confident that the Senate will reject the harmful provisions of the House bill and will pass legislation to provide better income protection for the American farmer.

Mr. President, I ask unanimous consent that the text of my letter to Senator ELLENDER be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 13, 1970.
HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture
and Forestry, Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: I am most concerned about certain provisions of the House-passed Agricultural bill which is pending before your Committee.

First, the House bill does not provide an assured minimum price support level for wheat and feed grains. While approximately 530 million bushels of wheat for domestic food use will be assured parity, the remainder of the crop—which has been running as high as 1.5 billion bushels—can be given loans down to 0% of parity at the Secretary's discretion. The Secretary's intent is reflected in his indication to the House Committee that he believes the loans should be below world prices.

Further, while one-half of the corn crop will be supported the Secretary can, at his discretion, set the other half at 0% to 90% of parity. Since all feed grains are supported in relation to corn, feed grain producers will have no assurance of a minimum over-all return from their crops.

I urge the Committee to adopt a provision ensuring firm minimum price support levels, related to parity, for the entire wheat and feed grain crops.

It is estimated that in Minnesota alone, wheat and feed grain farmers will lose between \$40-\$50 million annually in lower price supports. This figure does not include future loss in income to those raising livestock—which will be an inevitable result of lower feed grain prices.

Secondly, the House bill authorizes a new production and acreage control system—a system resting on the conserving base. In a letter to the House Agriculture Committee in May, Secretary Hardin described the conserving base approach as having "inequities and weaknesses." There is no requirement or assurance in the bill that the program will not be administered in such a way as to allow millions of acres of cropland to be brought into production.

If positive production controls are not required, we may again face serious surpluses which will depress markets and cause great financial damage to producers.

Finally, I am concerned about the failure of the House bill to provide positive assurance that diverted croplands will not be used to expand and depress the livestock industry. I would recommend that the bill reported by your Committee contain an explicit prohibition against using acreage removed from crops for grazing at any time—except in the case of bona fide emergencies.

If the final Agriculture bill adopted by the Congress does not take care of these problems, I believe that wheat and feed grain producers will be better served by an extension of the present farm programs rather than enactment of the House bill.

Sincerely,

WALTER F. MONDALE.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, SECOND SESSION

Vol. 116

WASHINGTON, TUESDAY, AUGUST 18, 1970

No. 143

Senate

EXTENSION OF THE AGRICULTURAL TRADE AND ASSISTANCE ACT OF 1954, AS AMENDED—AMEND- MENTS

AMENDMENT NO. 845

AMENDMENT TO AGRICULTURAL ACT TO MAKE
FEED GRAIN AND WHEAT ADVANCE PAYMENTS
MANDATORY

Mr. MONDALE. Mr. President, I am today submitting, with the Senator from North Dakota (Mr. BURDICK), an amendment to the Agriculture Act of 1970 requiring the Secretary of Agriculture to make advance payments to producers under the feed grain and wheat programs.

For 7 years advance payments have been made to feed grain producers and for several years advance payments were made to wheat producers when payments were made for additional voluntary diversion. For budgetary consideration, however, they were eliminated this year.

Under the advance payment program, which was tailored to farmers' needs, producers received half of their diversion payments each year immediately after agreeing to divert a specified acreage. These funds were received at planting time and helped pay the spring seed, fuel, and fertilizer bills. Advance payments of a part of the wheat certification have not been made in past years but there is no good reason why they should not be made in the future.

I am convinced that the decision announced by the Secretary of Agriculture to eliminate advance payments to farmers participating in the 1970 program is wrong for a number of reasons:

First, halting such payments is not a cost savings to the Government, but simply a shift in funding to another fiscal year; and

Second, it will place a new financial burden on our farmers who must borrow money at today's high interest rates in order to finance crop planting and operating costs.

In 1969, Minnesota producers received \$31 million in advance feed grain payments which were immediately used in paying spring planting bills. This year in order to accommodate a budget shift, grain producers were required to wait until July and August for their feed grain payments. This was an entirely

unnecessary hardship for them and for the small businessmen from whom they buy their supplies.

Minnesota producers are diverting an estimated 2.7 million acres from feed grain production this year, about 10 percent fewer than last year, and are receiving about \$130 million in payments. Fewer feed grain acres were diverted in Minnesota and nationally this year, than last, in part because advance payments were not made.

The amendment which Senator BURDICK and I are offering requires the Secretary of Agriculture to make not less than 50 percent of the feed grain and wheat program payments within 30 days after producers sign up under the annual programs.

Our amendment would result in about 3 months earlier payments of some \$400 to \$450 million under the wheat program and \$700 to \$800 million under the feed grain program.

Under our amendment, Minnesota farmers would receive some \$70 to \$80 million from the two programs about 3 months earlier than otherwise each year, at no additional cost to the Government except of the interest cost on the money advanced.

The interest cost to the Government in making these advance payments is far less than the cost to farmers if the same amount of money were borrowed by 1.5 million individual producers and small businessmen.

Even more important, many of the smallest producers are unable to obtain credit. The advance payments make it possible for them to buy supplies in the spring months when otherwise they would be unable to buy all the supplies at planting time that are needed for efficient production.

Mr. President, I hope that the Committee on Agriculture and Forestry will take favorable action on this important amendment during their deliberations on the House-passed Agricultural Act.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey). The amendment will be received and printed, and will be appropriately referred.

The amendment (No. 845) was referred to the Committee on Agriculture and Forestry.



United States
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Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, SECOND SESSION

Vol. 116

WASHINGTON, THURSDAY, SEPTEMBER 17, 1970

No. 162

Senate

SPACE SHUTTLE STATION

Mr. MONDALE. Mr. President, on July 6, 1970, the Senate narrowly defeated an amendment to delete \$110 million from the HUD—Independent Offices Appropriations bill for design and definition of the space shuttle station. This amendment, which was jointly sponsored by the Senator from New Jersey (Mr. CASE), the Senator from New York (Mr. JAVITS), the Senator from Wisconsin (Mr. PROXMIER) and me, represented an effort to avoid a commitment to a program which could cost at least \$20 billion over the next 6 or 7 years.

Because of President Nixon's veto of the HUD-independent offices appropriations bill, the Senate will again have a chance to consider whether the United States should start down the road toward a new venture in manned space flight—a venture which could prove to be more costly than Apollo.

During the Senate debate in July on this issue, I pointed out that many of the Nation's leading space scientists strongly opposed development of the space shuttle station. These scientists are convinced that the U.S. space program must begin to emphasize unmanned space flight. As Dr. James Van Allen stated:

Automated, commandable space equipment provides a much more economical method than do manned systems for the conduct of both utilitarian and scientific missions.

Unfortunately, NASA is headed in precisely the opposite direction. By advocating development of the space shuttle station, NASA is insuring that manned space efforts will continue to dominate its annual budget for many years.

When the NASA appropriations bill comes to the Senate floor, I shall again offer an amendment to eliminate funding for design and definition of the space shuttle/station. Before this debate begins, I think it is important that everyone be aware of the significant opposition to this project in the scientific community. Accordingly, I ask unanimous consent that the following letters addressed to me from three prominent space scientists be inserted at this point in the RECORD:

A letter of June 29, 1970, from Dr. James Van Allen—discoverer of the Van Allen Radiation Belts in space; consultant to the Space Science Board of the National Academy of Sciences; consultant to the President's Science Advisory Committee; chairman of the Department of Physics and Astronomy, University of Iowa.

A letter of July 3, 1970, from Dr. Thomas Gold—chairman, Space Science

Panel of the President's Science Advisory Committee; consultant to NASA and member of NASA Lunar and Planetary Missions Board; director, Cornell University's Center for Radiophysics and Space Research.

A letter of June 29, 1970, from Dr. W. Ross Adey—principal investigator for NASA of the Biosatellite III Mission; professor of anatomy and physiology and director of the Space Biology Laboratory, UCLA.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE UNIVERSITY OF IOWA,
Iowa City, Iowa, June 29, 1970.

HON. WALTER MONDALE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I am writing to give you my views on the proposed space shuttle program of the National Aeronautics and Space Administration, as outlined in testimony before the Committee on Aeronautical and Space Sciences of the United States Senate on 20 and 27 February 1970.

During over 24 years of professional experience in space research, I have come to the considered view that automated, commandable space equipment provides a much more economical method than do manned systems for the conduct of both utilitarian and scientific missions. Nothing within the Mercury, Gemini, and Apollo programs has changed my mind. On the contrary they have reinforced my stand in a massive way.

The current and proposed space shuttle studies are being conducted on a competent engineering basis and may very well demonstrate the technical feasibility of developing such a system for \$6,000,000,000 or thereabouts.

The real questions are, however, the following:

(a) Do manned systems possess any unique, useful capabilities in space that an unmanned system cannot be built to possess?

(b) Are manned systems at present or in the foreseeable future economically competitive for any specific purpose with automated, commandable systems?

(c) Can men operate alertly, intelligently, and healthfully for long periods of space flight?

I believe that the answers to Questions (a) and (b) are almost certainly "No". The answer to Question (c) is still unclear.

On these grounds I hold that large scale engineering studies looking toward the development of a space shuttle are not sufficiently well grounded in purpose or significance to justify a substantial commitment of national resources at this time.

Sincerely yours,

J. A. VAN ALLEN,
Head of Department.

CORNELL UNIVERSITY,
Ithaca, N.Y., July 3, 1970.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: This is to present briefly my views as to the future importance to exploration, science, and technological development of manned and of unmanned, instrumented space flight.

1. The exploration and science of the planets is, in the foreseeable future, wholly in the hands of the unmanned instrumented space program.

The reason for this is that space flight by means of the presently known technology to the planet Mars will involve a round trip of more than 1½ years. This is so far removed from present day capabilities, and the uncertainties of prolonged manned space flight are so great, that no space program at the present time should be based on such a prospect. The suggestion that this prospect is a driving force behind the present space program has been made, but it is, in my view, irresponsible.

Planets other than Mars have circumstances that make a manned visit quite impracticable, and for the most part much longer travel times still would be involved. Asteroids and the satellites of the major planets are, it is true, no more inhospitable than the moon, but both because of their distance and the smaller intrinsic interest they have for us, the prospect for a manned visit is even smaller than for Mars.

On the other hand, complex remotely controlled instrumentation can be devised and is indeed being devised to perform almost all the actions in a remote location that a man could perform working under the constraints of space or Martian environment. One foresees a very successful period of instrumented discoveries in space, perhaps in the long run of great value to mankind.

2. Manned earth orbital flight is of very doubtful value for either science or applications. The prestige value, once no doubt very great, is by now very low also and will not be heightened very much by merely increasing the number of men or the size of the ship.

Many attempts have been made to find real uses for a group of men in earth orbital flight, but these have largely failed. Man in a spaceship is capable only of a rather limited and well-defined set of actions, and almost in all cases remote control mechanisms can be provided whereby all the information that would be available to him is equally available to the man on the ground, and whereby the actions that he could have taken can equally be initiated by the man on the ground. The man on the ground has, so to speak, remote eyes and hands in the space vehicle.

It is my opinion that all scientific experiments proposed for earth orbit can be done both more cheaply and better with suitable instruments. Repair and updating of expensive instruments is the one area where the methods of remote control would have to be advanced the most before they would be superior to the presence of a man in the remote location. Economically this will not make a case for a large manned space flight program. In any case, the remote control can

be improved to take over this activity also.

3. The Apollo program was devised firstly as a great demonstration of capability and secondly for the exploration of the moon. Once this decision was taken, there was no point in competing in the lunar exploration with remotely controlled instrumentation. There will be good reasons, however, in continuing the exploration of the moon by unmanned devices at the end of the Apollo program.

When the success of the first Apollo landing had been achieved and when the end of the program was in sight, the whole question of the justification for a large manned operation should have been reviewed. The inertia of a large organization is a poor reason for the continuation of a program. I am sure this view is shared by most of the scientific community and even by many people within NASA. The argument only has been that the availability of funds is so dependent on the popular appeal of manned flight that the alternatives were to do a job that is worth doing by uneconomical means or not at all. That of course is a situation which the Congress could rectify.

4. Money spent on manned and on unmanned space flight has totally different consequences for general technological evolution and the economy. A large fraction of the money spent on manned flight goes into devising very large vehicles and the environment required by man. Comparatively little of this technology is applicable in other fields.

Sophisticated instrumentation, complex electronics, computers and remote control devices appear now to be the major line of evolution of technology, an evolution that promises to improve greatly all of industry. The economic value of these advances will be immense, and the leadership of the United States in these areas is essential if the country is to remain the major economic and military power in the world. The space program has significantly contributed in the last ten years to this technological evolution, and a large instrumented space program would be a decisive factor in the future.

In the field of economically valuable applications no case has been made for manned flight. Communication satellites and, before very long, direct broadcasting and TV to the individual consumer would provide a very large political and economic stimulus for instrumented space technology. Meteorological satellites and other sensing systems from orbit will of course also improve, but almost certainly without any need for the presence of a man in orbit.

5. The biomedical problems of prolonged space flight are almost certainly severe. The fact that short duration flights have not incapacitated men seriously must not be taken to mean that very long duration flights will be safe. The indications are indeed that major problems do arise, and medical science cannot at the present time foresee their solution. From this point of view also it would be foolish to commit large sums to the development of space technology for long duration manned flights, which it may then not be possible to undertake.

I hope these remarks are helpful to you, and I would of course be happy to give you and your colleagues in Congress more details and substantiation for them if this were desired.

Yours sincerely,

T. GOLD,

Director, Center for Radiophysics and Space Research,

UNIVERSITY OF CALIFORNIA,

LOS ANGELES,

Los Angeles, Calif., June 29, 1970.

Senator WALTER F. MONDALE

Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: With Senate action now pending on the Space Shuttle, I submit for your consideration the following viewpoints as important in the determination of priorities in the space program in the coming decade. I write as a concerned biomedical scientist who has participated in the space program for the past ten years, both as an investigator in manned and unmanned flights, and as a member of committees and review bodies with an advisory role to both government and NASA.

Priorities in the space program since its inception have placed major emphasis on manned programs, with particular emphasis on the engineering aspects of needed hardware for reliable mission accomplishment. Although there can be no quarrel with the development of spacecraft engineering with reliability assured for manned flight, the price paid has been very high, so high that it appears to have been markedly detrimental to a balance between manned and unmanned space developments. Moreover, emphasis within the manned program has been on man as a test pilot in evaluation of engineering goals, rather than as a biological system himself, requiring the same careful long-term and detailed evaluation if the goal of long-term space flight is to be accomplished.

Biomedical information currently available is not adequate in critically important areas for the design or construction of space stations or interplanetary spacecraft. Specifi-

cally, we do not know whether it will be necessary to provide artificial gravity by some form of rotation of part or all of the spacecraft. Biomedical evidence from the U.S. manned program, and particularly from the recent U.S. monkey biosatellite flight, and from the Soviet Soyuz-9 manned flight, all indicate that there are significant problems of cardiovascular instability, body weight loss, and associated disturbances in daily body rhythms and certain nervous functions.

Yet to build spacecraft with a full artificial gravity as on earth, provided by rotation, predicates systems of very large dimensions for acceptable human comfort. Moreover, levels of gravity much less than 1 G may be adequate to prevent medical deterioration, and it is possible that drug and hormone therapy, properly developed, may greatly assist on long missions.

No adequate biomedical basis for these engineering systems is now available, either in the NASA or in the biomedical community. Therefore, it is imperative that NASA collect comprehensive biomedical data as an engineering baseline for design of future spacecraft for prolonged human occupancy.

It is here that there are grounds for concern. NASA has a long history of making commitments to biomedical investigations, which have been repeatedly reduced or even shelved in favor of mission goals of a primarily engineering character. The proposed medical studies in the Skylab missions were initially designed to overcome many deficiencies in the current status of space medicine and physiology. Every effort should be made to safeguard the prime importance of the biomedical aspects of these missions.

In this context, development of a Space Shuttle should be reviewed in terms of its potential contribution to acquisition of needed biomedical information. Its use as an adjunct to physical and life science investigations should be evaluated against likely progress of biomedical research in the Skylab program in the absence of such a vehicle. Medical and psychological studies planned for Skylab will provide much needed information relevant to design of spacecraft for prolonged human occupancy. They are expected to settle many basic issues concerning needs for artificial gravity.

Therefore, it is submitted that the program for a Space Shuttle might well remain in the phase of fundamental research and feasibility studies, pending the outcome of medical investigations in the Skylab program. At the same time, avoiding commitment to heavy expenditure in this area would afford an excellent opportunity to redress the traditional imbalance between manned spaceflight programs and other more modest but highly important developments. These include fundamental space biology related to medical problems of man in space, and studies in the physical sciences in planetary programs, as well as in areas of the NASA Space Applications program.

Thank you for your consideration.

Sincerely,

W. ROSS ADEY, M.D.,
Director, Space Biology Laboratory.



United States
of America

Congressional Record

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No. 168

THE THREAT OF PROTECTIONISM TO MINNESOTA AGRICULTURE

Mr. MONDALE. Mr. President, the American farmer is the most productive in the world. He feeds and clothes over 200 million of the most prosperous people in the world, and still exports \$6½ billion worth of food and fiber to other nations.

Our Minnesota farmers earn more than all but four other States in the Union, and we are the tenth leading exporter of agricultural products to the rest of the world. Exports of Minnesota dairy products, flour, soybeans, feed grains, wheat and other produce this year alone will bring jobs to at least 30,000 Minnesotans and over \$235 million into the State.

Anything which threatens the ability of Minnesota farmers to sell to the rest of the world is an economic step backward and a grave threat to our leading industry and to the economy of our entire State.

Today we see, for the first time since the end of the Second World War, a wave of economic isolationism—a mistaken but growing loss of confidence in the productivity of the American economy—and a clear reversal of America's past leadership in promoting open, expanded trade among free world nations. Till now, we have met the responsibility of world economic supremacy by leading the way toward a reduction of artificial trade barriers among nations. While lesser economies have often feared our productivity and have resisted open trade and world competition, we have tried to expand world economic markets, confident in our productivity and technological superiority, and relying on our consistently favorable balance of trade to cover our enormous economic commitments abroad.

No one would claim that we should or even could pursue a policy of totally free trade—oblivious to the trade policies of other nations, to subsidized imports and the threat of foreign dumping, to our domestic economic and agricultural policies, to the demands of national security, or to the need to assist businesses and workers whose livelihoods may be lost to foreign competition through no fault of their own. All of these factors and special needs are recognized by the legislation and the programs by which we now trade.

I have no doubt that existing legislation can be strengthened. A new comprehensive trade bill, in fact, is needed as soon as reasonably possible in order to set the general direction for United

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States and world trade policies in the years ahead.

But these special needs can well be met—and our position of responsibility as the world's leading trader maintained—within a policy which continues to advocate open trade and the progressive reduction by all nations of short-sighted artificial trade barriers.

The trade legislation emerging from the U.S. House of Representatives goes far beyond any concept of "fair protection." It is a Pandora's box of protectionism which openly invites higher prices to the American consumer and serious retaliation against our major exporting industries. It is a patently political bill which may promise "protection," but which will assuredly deliver retaliation, economic isolationism and a serious setback to world trade negotiations.

No industry is more threatened by retaliatory protectionism than U.S. agriculture. In particular danger are wheat, soybeans, and feed grains, the exports of which account for some 8 percent of Minnesota agricultural cash income, and which together brought over \$142 million into the State in 1968.

Soybean exports alone will earn almost \$76 million for Minnesota farmers this year. The absence of trade barriers on soybeans, particularly into Europe, has been a major factor in the phenomenal growth of these exports. However, should the United States enact protective quotas, injuring European exports to us and diverting Japanese exports into the European market, retaliation is inevitable. The Common Market, which now buys a half a billion dollars worth of American soybeans yearly, has threatened to levy a consumption tax upon our exports which could mean \$10 to \$12 million in lost sales to Minnesota farmers alone.

Wheat and feed grain sales, already restricted by the Common Market variable import levies, are also extremely vulnerable to further retaliation. Although current indications suggest some improvement this year, these sales have been declining drastically. Feed grain exports last year were at their lowest level since 1963, and wheat exports were at their lowest in a decade. In a single year, then, due at least in part to Common Market levies, Minnesota lost somewhere around \$20 million worth of exports.

The message is clear. Neither Minnesota nor the rest of this Nation can afford the inevitable trade war which would result if protectionist trade legislation passes the Congress this year. Trade is worth \$750,000,000 and perhaps 70,000 jobs to our State. We cannot allow

this to be sacrificed to a politically expedient but potentially disastrous piece of protectionist trade legislation.

The way to full employment, a stable and growing domestic economy, and a healthy balance of payments lies not in a shortsighted restriction of imports but in an aggressive expansion of exports. We are the leading exporting nation in the world. We will export this year some \$40 billion worth of American goods to the rest of the world—a healthy \$3 billion or so more than we will import.

This means direct employment for at least 4 million Americans.

It means we can finance our overseas commitments and meet our responsibilities abroad.

It means that the American consumer gets the benefit of the finest goods at the lowest possible prices.

We cannot, of course, sacrifice the American worker in competition with foreign imports any more than we can sacrifice the farmer and the worker whose livelihood depends upon exports.

We must help the industries which are struggling in competition with goods produced abroad. We must—and our existing trade agreements and trade legislation recognizes this need—provide adjustment assistance, retraining, and other aid to textile, shoe, and other industries which may not be competing successfully with overseas goods.

But this assistance does not have to turn the clock back on American trade policies.

The Japanese are aggressive competitors but they are a \$1 billion customer of American agricultural exports, purchasing more soybeans, wheat, and feed grains than any other nation. I believe that we should work toward a reduction of Japanese trade barriers and toward voluntary agreements to ease the domestic impact on industries where Japan is more productive and competitive. But a wholesale erection of quota barriers places the entire burden of this problem on the American exporter, farmer, consumer, and on the overwhelming majority of American businesses and workers whose magnificent productivity is the envy—and fear—of the rest of the world.

For their sake; for the sake of economic cooperation and competition throughout the world; and the particular sake of the Minnesota farmer, I urge the Senate and the administration to retreat from the brink of a disastrous trade war and work toward the expansion—not the constriction—of American exports.



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No. 195

Senate

THE THREAT OF PROTECTIONISM TO THE AMERICAN CONSUMER

Mr. MONDALE. Mr. President, in the last few years we have witnessed the emergence of the greatest interest group of them all—the American consumer.

For years—perhaps throughout most of history—the consumer has been systematically excluded from the exercise of his rightful power. Caveat emptor: Let the buyer beware. And the American consumer has suffered deteriorating services, shoddy quality, unsafe products, and the crass and often deceptive manipulation of his demand and, most of all, rising prices which made a mockery of competition.

When I say that the consumer is “coming of age,” I refer to the great interest and the occasional success in recent years in passing product safety legislation, in advancing the notion of consumer class action suits, and in a growing mood of public anger coupled with a most encouraging willingness to put this anger to work through the political process.

But there is one matter now before the Congress which may have more significance—and potential danger—to the consumer than any legislation we have seen this Congress.

I refer, of course, to the trade bill as passed by the House and soon to be considered by the Senate.

The bill is violently and unequivocally anticonsumer.

Under the guise of protecting American jobs, it threatens to unleash a world trade war which could only, in the end, damage the American dollar, seriously retard the economic growth of the underdeveloped nations, and jeopardize the livelihood of millions of farmers and workers dependent upon exports.

But its most pernicious impact will be upon the consumer. And that means upon just about all of us.

Virginia Knauer, the President's Special Assistant for Consumer Affairs, called the bill as currently written “the most significant ‘anti-consumer’ legislation now in the Congress.”

The highly respected Consumers Union states that—

Shoe and textile quotas would inevitably cause sharp price increases which would seriously affect every family's budget.

The American Retail Federation, representing nearly 800,000 retail stores through their State and national trade associations, estimates that shoe and clothing prices would rise by anywhere from 15 to 25 percent with the imposition of legislated quotas.

And Federal Reserve Board Governor, Andrew Brimmer, has estimated that quotas on shoes and textiles could cost the American consumer \$3.7 billion a year by 1975—\$1.8 billion extra for his clothes and \$1.9 billion for his shoes.

That is a billion dollars more than the Government is now spending on health—more than all our foreign aid programs—almost as much as we are now spending on all Federal assistance to communities and housing.

That is like a tax of over \$66 per family—and the most regressive possible kind of tax falling most heavily on the poorest families which buy most of the low cost shoes and clothing. For sheer regressivity, in fact, this would be the most imaginative tax since the French kings put a tax on salt that ultimately cost the heads of most of the French aristocracy.

Let there be no mistake. No one that I have heard pointing out the potential disaster of this trade legislation is unmindful of our troubled industries or unconcerned over today's unemployment. I think my own record will show that I place high employment and fair wages to the American worker above practically any other national goal or Federal responsibility.

But economic justice is hardly served by a measure which can only fan the fires of inflation, rob the weekly paycheck before it gets out of the envelope, and fall most heavily upon those least able to pay.

The quotas on textiles alone, for example, will roll back about \$400 million worth of imports at foreign unit prices. With the addition of transportation costs, import duties—which are already very high on many apparel items—and importer's markups, the wholesale price value of excluded merchandise would be from \$700 to \$800 million. This will deny about \$1.4 billion worth of merchandise to the American consumer. Much of this merchandise represents “discount” apparel, upon which our low-income consumers are greatly dependent.

To deny these goods to the American public means that the consumer will either have to do without or he will have to purchase comparable domestically priced goods at prices 20 to 40 percent higher.

The replacement of this \$1.4 billion worth of imports by domestic goods will add from \$500 to \$700 million to the consumer's apparel bill. The rollback of about \$200 million of shoes, denying some \$450 to \$500 million worth of retail merchandise to the consumer would add about \$450 to \$500 million to the consumer's shoe bill assuming the imported footwear were replaced by domestic goods.

On these two items alone, then, we have a conservative estimate of well over a billion dollars loss to the American consumer simply on the basis of replacing the lost imports.

But this is only the beginning of the inflationary impact of these quotas.

The shoes and textiles which are allowed in will tend now to be the higher-priced imports, denying the lowest-priced goods to those who may have no other means of affording a second pair of shoes or a new shirt or sweater.

The prices on the remaining imported goods will rise, since there will no longer be any need for vigorous price competition to get a larger share of the U.S. market.

Perhaps most important, the prices of domestic goods will surely rise with the removal of the competitive restraint of imports. That, in fact, is what our free market economic system is all about. The price tags reflect what the traffic will bear, limited only by the ability of the consumer to go without entirely or purchase another good at a lower price. An increase of 5 to 10 percent in the prices of retail apparel, for example, would cost the consumer \$2.5 to \$5 billion in clothing bills alone.

Altogether, then, we can certainly look forward to price rises of \$3 to \$4 billion in the next few years just on shoes and apparel to pay for "relief" which our Tariff Commission has yet to find justified at any price.

But even this would only be part of the story. The oil industry also got a piece of the protectionist action in the current bill. This is not new protection; it is hard to see how the oil giants could reap any more anticompetitive benefits from import quotas than they already have. What the bill does, for some reason which I have yet to comprehend, is to lock in the current oil quotas system, removing the discretion the President now has for abandoning the quota system in favor of some other system, such as tariffs, for assuring our national interest in a continuing supply of domestic oil.

The President's own Task Force on Oil Imports last year recommended just such a switch—from a quota to a tariff system—primarily for the good of the American consumer. This task force estimated the cost to the consumer of the present quota system at \$5 billion a year—some \$29 to every man, woman, and child in my own State of Minnesota

alone. Thus, the anticonsumer trade bill now before us would make absolutely certain that the consumer continued to foot this absolutely unnecessary and grossly unfair subsidy to our oil producers.

I have still mentioned only textiles, shoes, and oil. The floodgates of protectionism have not yet opened. But these quotas are a great crack in the dike, and no one thinks that protectionism can end with shoes and textiles alone receiving the goodies.

Dozens of other industries have been waiting in the wings with their cases—seeking, as always, to limit competition from abroad at the expense of the American consumer. Honey and mushrooms, ice skates and iron ore, wigs and watches, scissors and strawberries, tomatoes and toys: These are only a few industries which have been seeking the kind of protection which shoes and textiles managed to secure in the pending bill.

But dozens of other industries would at least qualify for the trigger mechanism of the pending bill. Goods such as canned oysters, TV's, eggplants, nonelectric bells, antibiotics, crowbars, zirconium, caffeine, umbrellas, clothespins, automobiles, and brass instruments—plus 106 more were on such a list prepared by the U.S. Tariff Commission. This list contained between \$7 and \$8 billion worth of imported goods—at their foreign wholesale prices

and probably double that on the American retail shelves.

Perhaps, many of these industries would never try for protection, and most would undoubtedly be unable to demonstrate the injury criteria. But they all do meet the one mathematical and, therefore, most visible, criterion for tariff adjustment. And it is almost inconceivable, given the protectionist's foot in the door through textiles and shoes, that the Tariff Commission and the President will be able to deny protection to other industries seeking tariffs and quotas and meeting the trigger mechanism formula for the growth of imports relative to domestic consumption.

We need trade legislation—better legislation than we now have to carry forward the spirit of the Kennedy round, but with greater assistance and sensitivity to problems of foreign dumping, declining industries, unemployment, and the protectionism of other countries.

But these ends can be accomplished responsibly. They can be met with legislation that does not threaten to set back the entire course of world trade and jeopardize the jobs of the millions of American workers dependent upon our \$40 billion worth of annual exports. And a responsible and fair trade policy can be achieved without sacrificing the American consumer to shortsighted special interest protectionism.

Consumers of America: If you are not a majority, then who is? Make yourselves heard. Inflation has cost you far too much already. A responsible trade policy needs your voice in Washington now. For \$3.7 billion, perhaps "consumer power" can truly come of age.



United States
of America

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Senate

THE THREAT OF PROTECTIONISM TO THE AMERICAN WORKER

Mr. MONDALE. Mr. President, one of the most pernicious myths about protectionism is that it helps the American worker. As the story is told, the worker stands to gain by cutting out competition from abroad, making his job more secure or even recapturing some of the foreign employment which went into those imports.

In fact, protectionism has been and always will be, clearly against the best interests of the American worker. And the protectionist trade bill before us now, far from preserving jobs or "protecting the worker," will cost him dearly in higher unemployment, reduced income, and even further inflation.

One need only look back to the dark days of the 1930's and the treacherous Smoot-Hawley tariff to see what a worldwide trade war can bring about. In a trade war, like any other war, there are no winners—only losers. And a bill which would destroy the civilized rules of international trade and invite wholesale retaliation upon American exports cannot help but usher in such a war.

The American worker is the most productive—and competitive—in the world. Our total exports are now running at an annual rate of some \$43 billion—up from \$21 billion before the passage of the Trade Expansion Act of 1962.

Some 3 or 4 million American jobs depend upon this enormous volume of exports. The Department of Labor has estimated 2.7 million jobs attributable simply to the export of merchandise. Agriculture Secretary Hardin estimated some 730,000 jobs from agricultural exports alone. And a very recent study by Dr. Anne Kruger, a professor of economics at the University of Minnesota, has calculated over a million jobs just in manufacturing directly or indirectly attributable to exports.

Dr. Kruger's calculations, for example, show 87,000 export-generated jobs in the iron and steel industry; 134,000 in transport equipment; 79,000 in fabricated metal products; 53,000 in chemicals; 138,000 in electrical machinery; 149,000 in nonelectric machines; and so on—including 47,900 jobs generated by exports in the yarn, textile, and apparel industry.

In my own State of Minnesota, in fact, a 1967 chamber of commerce study estimated 38,000 jobs in manufacturing and

34,000 in agriculture attributable directly or indirectly to exports.

It is these workers—their jobs, their income, and their families—which we would jeopardize by overthrowing the international rules of trade and inviting a trade war with the rest of the world.

There is no way for other nations to buy from us if we do not also buy from them. There is no way for us to drastically cut back on their sales to us—in "what they do best"—without their having to cut back on our sales to them—of what we do best.

Perhaps we can rob Peter to pay Paul. We can, at a cost, close off foreign competition from industries which are becoming progressively less competitive on the world market. But let us look at the cost—to the American worker.

First of all, such a shortsighted approach jeopardizes the established procedures which we already have for dealing with dumping, foreign export subsidies, and other unfair and illegal acts of foreign competition. It goes around our procedures, consistent with the international rules of trade under the GATT, which have been set up to give protection or compensation in those cases where trade liberalization has resulted in proven injury to American workers or businesses. By rejecting such procedures, a trade barrier bill virtually precludes those legislative and administrative steps which are so necessary to improving and strengthening our antidumping, tariff adjustment, and other laws for the defense of the American worker.

We must aggressively defend our industries and our workers from unfair competition. We must do so better than we have in recent years. And there is room in such a defense for tariff and quota protection when other remedies have been exhausted. But to pass a bill in utter defiance of all existing procedures and of the international rules of trade is to throw away what chance we might now have for such progressive and responsive remedies.

Second, a preoccupation with protectionism ignores the fundamental structural problems which lie behind any industry losing its competitive edge in the world marketplace. It assumes that a trade barrier can maintain the industry for all time in the form it is today—or perhaps was 10 years ago. It even virtually discourages imaginative long-range steps to correct the problem through diversification, regional develop-

ment, retraining, and other adjustments which are desperately needed to maintain the productivity of the industry and its workers.

As Victor Reuther, of the United Auto Workers, said:

Protection is like heroin. The first few shots really lift your spirits. But when you begin to build up tolerance, you need more. Pretty soon you live for that fix. You're hooked—and probably out of work.

I do not think for a moment that we can ignore the deeply disturbing and very human problem of unemployment—in any industry and for whatever cause. We cannot place slogans such as "comparative advantage" or "free trade" above

the plight of our workers. But to assume that the solution to their problems lies simply in a wholesale erection of trade barriers is to do a profound injustice to the complexity of the problem and, I think as well, to the workers themselves.

Third, we must look at the inevitable unemployment in industries which in fact are competitive in world markets and for that very reason will stand to bear the brunt of foreign retaliation.

Are we somehow less moved by the specter of lost jobs and income in export manufacturing? Is the Congress or the President now to become the broker, playing off a quota here for a job there? The very thought of trading one man's job for another's is repugnant to me—and I think to anyone. But even in this frightful numbers game, the worker will lose.

In manufacturing alone, there are 144,000 more jobs dependent upon exports than there could possibly be if all manufactured imports were choked off and those goods now produced by American workers. By figures of Dr. Kruger, we put seven highly productive export-dependent jobs on the block for every six jobs we could possibly protect or recapture by choking off imports.

What is more, the potential loss in income through a trade war is even more devastating. The average wage in key exporting industries such as machinery, engines and turbines, transportation equipment, and chemicals is more than half again as high as the wages paid in those industries now seeking quota barriers. To penalize a worker for his productivity hardly seems like a fair approach to any trade problem—real or imagined. But that, in effect, is what a trade war does.

Finally, the American worker suffers as a consumer. Last month we saw inflation once again zoom up—to an annual rate of over 7 percent. I do not want to belabor the economic policy argument at this time. That the average worker just got another chunk robbed from his paycheck before he even got it out of the envelope is by now an old story. But how, then, can anyone talk of "protecting" the American worker with quotas which are going to put another \$3 to \$4 billion a year on his shoe and apparel bills alone? Who is really being protected by a bill which would "lock in" an oil quota system at estimated yearly cost to the consumer of \$5 to \$7 billion? This is, in fact, a viciously anticonsumer trade bill we have before us—one which will put a regressive tax of over \$66 a year on the average American family, and probably even more on the lower-income worker who relies so heavily on imports to clothe his family.

The American worker is a consumer, perhaps above all else, and I fail to see the economic protection in a trade bill which can only fan the fires of inflation, rob the weekly paycheck, and fall most heavily upon those least able to pay.

I think it is absolutely clear that the interests of the American worker lie in fair, forward-looking trade policies which can meet the legitimate problems of import competition while continuing

to reward the magnificent productivity of the American worker through ever-expanding export markets.

A protectionist trade bill will lead to a worldwide trade war which can only jeopardize the jobs of 3 or 4 million workers and farmers, cost billions of dollars to the consumer, and throw away whatever bargaining power we might have had in crucial trade negotiations with Europe and Japan over the next decade.

It is time, perhaps, to stop talking protection. The protection in the pending quota bill is more like extortion.

I believe that the proposed legislation would be disastrous to the American worker, and I only hope that this threat is realized before the floodgates are opened and a tragic and unnecessary war is underway.



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