

Mr. Mondale

Mr. President:

Two weeks ago my distinguished colleague from North Dakota, Senator Burdick, gave an excellent speech at the dedication of the New Red River Valley Beet Sugar Factory at Hillsboro, North Dakota.

Sugar beet production is a large and rapidly growing industry in the Red River Valley bordering the States of Minnesota and North Dakota. With the opening of the Hillsboro and Wahpeton plants in North Dakota and a new facility at Renville, Minnesota next fall, the beet industry could be a \$300 million a year business in the two States within the near future.

But, as Senator Burdick pointed out in his address, "It is ironic that the forty-year-old Sugar Act, which induced farmers to erect these factories, is currently scheduled to expire at the end of December of this year."

I should like to quote a brief portion of Senator Burdick's remarks which I believe go to the very heart of the controversy over extension of the Sugar Act:

"Although the sugar program was born during the Depression, it aided us in obtaining necessary supplies when prices were high. It provided for orderly marketing and prevented scrambling for world supplies in periods of shortage. By means of it, we obtained adequate supplies at fair and stable prices.

"Critics have called the Sugar Act Program a 'subsidy program.' They talk about the costs of the program to American consumers in periods when world prices are low. They disregard the benefits this country has received from the program."

It is far more enlightening and realistic to think of the Sugar Act as a long-range purchase contract.

What is the impact of the defeat of the Sugar Act earlier this year by the House of Representatives? Several figures cited by Senator Burdick offer useful insight:

"From January 1 through May of this year, before the House action, the duty paid price of sugar landed in New York was \$3.25 per 100 pounds lower than the world price at the point of origin. On July 25, the New York price was \$3.25 per 100 pounds above the world price.

"The increase of \$5.88 per 100 pounds in domestic prices relative to world prices is chargeable to the action of the House of Representatives in voting down the Sugar Bill. That increase will cost American consumers \$1.4 billion on the 12 million tons of sugar they consume each year."

I strongly support the recommendations of my colleague from North Dakota in urging prompt Senate approval of sugar legislation, as I do those of Representative Bob Bergland in the House to secure reconsideration of this important Act. As a member of the Senate Finance Committee, I pledge my full cooperation and support in this effort.

Mr. President, as evidence of the need for this legislation, I ask unanimous consent that the full text of Senator Burdick's speech be printed at this point in the Record.

Mr. Mondale

Mr. President:

Several days ago, a thoughtful column appeared in the Minneapolis Star. Entitled "Measuring the Limits of a Pardon's Force," this article explores the historical debate over the scope and nature of the pardon power in an evaluation of the recent pardon of former President Nixon. I believe that Austin C. Wehrwein, who authored this column, raised a number of important questions in connection with the pardon power, questions which deserve careful consideration in light of recent events.

Mr. President, I ask unanimous consent that the full text of Mr. Wehrwein's article be printed at this point in the Record along with an excerpt from a speech which I delivered at American University that appeared with it in the Star.

Mr. Mondale

Mr. President:

I would like to commend the distinguished Chairman of the Parks and Recreation Subcommittee and the Chairman and members of the Senate Interior Committee for their prompt and favorable action on S. 3022. As reported by the Committee, this measure contains two provisions with which I am especially concerned.

The first provision would increase the funding for the Lower St. Croix River protection program from the current ceiling of \$7.275 million to a level of \$19 million. This additional authorization is essential if the National Park Service is to carry out the legislative mandate of the 1972 Lower St. Croix River Act to assure the perpetual preservation of this important scenic and recreational resource.

In passing the original Lower St. Croix River Act, the Congress established a unique approach to the preservation of a scenic and recreational riverway. This approach involved a sharing of responsibility for the riverway among the federal government and the States of Minnesota and Wisconsin. At the time that the law was enacted in 1972, it was understood that the federal government would purchase lands and scenic easements to protect the upper 27 miles of the riverway and that the States through parallel programs would protect the lower 25 miles of the riverway.

Unfortunately, as a result of an error in the cost estimates prepared by the Bureau of Outdoor Recreation, the initial authorization approved by the Congress was far too low to carry out a full program of protection in the federal management zone. In fact, subsequent appraisals showed that a funding level of \$7.275 million would permit protection of only about one-third of the federal segment of the river.

At a meeting last February, members of the Minnesota and Wisconsin Congressional Delegations together with Governor Wendell Anderson of Minnesota and a representative of Governor Lucy of Wisconsin discussed this problem with officials of the Park Service and the Department of the Interior. From the discussion it was obvious that there was no feasible method of living up to the mandate of the 1972 Act without a substantial increase in funding. Neither concentrating the funds exclusively in the upper 10-mile scenic zone of the river, nor buying property on a patchwork basis throughout the 27-mile federal segment provided a workable alternative. Developers would have a field day in either case. We therefore requested an estimate from the National Park Service of the cost of a program of full protection for the riverway. It is this figure that provided the basis for the introduction of S. 3022 upon which the Senate is voting today.

At a hearing last June, the Parks and Recreation Subcommittee received testimony from State and local government officials, conservation groups and others unanimously in support of this bill. In cross questioning, officials of the National Park Service even stated that they had advocated a favorable report on the bill from within the Department of the Interior.

In approving S. 3022 today, the Senate can ensure that the priceless natural values of ~~the~~ Lower St. Croix River are not destroyed but preserved for people today and for generations to come.

The second provision of this bill that I am particularly interested in relates to the designation of new rivers for study as potential additions to the National Wild and Scenic Rivers System. I am very pleased that the Senate Interior Committee has included in the list of study rivers, two rivers in Minnesota, the Upper Mississippi and the Kettle, in accordance with legislation which I introduced last year.

The Kettle is among the finest canoe rivers in America. It is a wild river abounding in fish and wildlife and only barely touched by residential development. The State of Minnesota has already conducted a preliminary study of the Kettle under the State Wild and Scenic Rivers Act, and it is prepared to cooperate fully with the federal government in avoiding any duplication of effort in connection with the nation

national study. Making use of the information already collected by the State of Minnesota, I would hope that the federal-state study could concentrate ~~on~~^{on} that federal resources might be necessary to adequately ensure the protection of the Kettle.

With respect to the Upper Mississippi River, there can be no doubt of the unique national interest in this waterway. From its source at Lake Itasca to the boundary of the City of Anoka, the Upper Mississippi is predominantly a wild and scenic river with some stretches that might be classified recreational.

This past summer I had an opportunity to personally visit the Mississippi at Monticello, Minnesota. I was impressed by the remarkable quality of the water, by the serenity of the scenic view, and especially by the fact that these natural values can still be found on the Mississippi within 30 miles of a major urban center.

In the case of the Mississippi, like the Kettle, the State of Minnesota has already initiated a study under its scenic rivers program. But with a river segment more than 400 miles long, there is no hope that Minnesota can safeguard this resource without substantial federal help. Cooperation between federal and state agencies could, however, expedite the national study so that a full scale protection program can be launched before development pressures become insurmountable.

In passing S. 3022 today, the Senate has an opportunity to begin the process toward what I hope will eventually be permanent protection of the Mississippi and the Kettle, as well as the Lower St. Croix.

As further evidence of the need for such action, I should like to have included in the Congressional Record today copies of my statements before the Parks and Recreation Subcommittees last June.

Mr. President, I ask unanimous consent that the following statements be printed in full at this point in the Record.

Statement of Senator Walter F. Mondale

"Completing the GATT: Toward New International Rules to Govern Export Controls" by C. Fred Bergstein represents a searching analysis of the dangers posed by increased use of export restraints and a constructive attempt to define the elements of collective mechanisms that must be established to govern these practices.

The Great Depression and World War II taught a painful lesson of the perils posed by anarchy in commercial relations among major trading nations.

As a result, international economic institutions were created which have successfully prevented widespread resort to import controls as a means of combating unemployment in the post-war years.

Nevertheless, world leaders have heeded only one half of the lesson of the 1930's; and we must now extend the authority of our international institutions to cope with the equally serious danger of uncontrolled restrictions on exports.

Last August the Senate Finance Committee adopted several amendments which I offered to the Trade Reform Act to make equitable access to supplies of raw materials, food and manufactured products a principle objective of the United States in the upcoming round of the GATT negotiations. The amendments specify that our negotiations should seek

to amend the GATT to secure new and stronger rules governing export controls and multilateral mechanisms to enforce those rules.

Mr. Bergsten's paper makes a major contribution in helping to clarify the significant U.S. and world interests that are at stake in the debate over use of export control authority, and takes that debate an important step further by showing how the rules called for under my amendments might be implemented. I am hopeful that the Bergsten proposals will stimulate more intensive discussion and necessary action by government officials responsible for trade policy.

Finally, the urgency of the need for a multilateral framework within which export control authority might be exercised highlights the need for swift approval of the Trade Reform Act by the Congress.

Mr. Mondale

Mr. President:

I rise in support of the pending bill. I hope that it will be promptly approved.

There should be no lengthy debate on the Trade Reform Act. The principal issue before the Senate is too clearly drawn. It is drawn not along narrow partisan lines, nor along the lines that divide one interest group from another. For the overriding question we must decide is whether the United States will continue to exercise the leadership required of a great nation as we enter the final quarter of this century.

America has played a unique role in world affairs during the post-war era. We have exercised our substantial influence not simply to gain short-term advantage, but rather to enhance the long-range prosperity of our country and that of our allies abroad. We have not been blind to our own interests. But we have recognized that our own economic security depends upon an open, healthy and stable world economy. It is this understanding that prompted U.S. initiatives to build more effective international economic institutions in the GATT and the International Monetary Fund.

Since 1970 our economy and those of our partners in the world trading system have entered a period of turbulence unknown since the 1930's. Unprecedented rates of inflation, mounting worldwide unemployment, and the massive payments

deficits afflicting oil consuming countries have placed enormous strains on the GATT member nations.

In the face of this deepening turmoil, there is a growing temptation for nations to turn inward, to seek solutions to problems of inflation, unemployment, and payments deficits by erecting new barriers to trade. This tendency is perhaps best reflected in the alarming deterioration of our trade relations with Canada. Recent actions by both the Canadian and U.S. governments, concerning imports of beef and exports of petroleum, raise the possibility of an ugly and potentially disastrous trade war.

Protectionism is no solution to the economic problems we face. A highly industrialized country like the United States would suffer greatly if the doors to international commerce were closed. Export markets provide jobs for more than 7.7 percent of the U.S. workforce engaged in manufacturing. We are dependent upon imports for many raw materials, like manganese, tin, zinc, tungsten, aluminum, nickel, and chromium, that are critical to the production of steel and other industrial products required by our domestic economy.

Policies predicated upon a beggar thy neighbor attitude also inevitably lead to political confrontations that might irreparably damage the possibility for cooperation on the critical issue of oil

Our ability to bring pressure upon the oil cartel to modify policies that are not just painful, but ruinous to the world economic system, depends directly upon our ability to enlist the cooperation of other oil consuming countries.

And it is clear that we will never convince our allies of our own commitment to cooperation unless we take the first step of passing a trade bill.

At this critical moment, all eyes are on the United States. Our rejection of enabling legislation to permit collective trade talks would inevitably be interpreted as a signal that we have forsaken the path of international cooperation. Such action would give ammunition to those in other countries who advocate economic nationalism, and it would surely give hope to OPEC that years may elapse before the United States and Europe will be able to formulate a common response to the most difficult of all trade problems -- the oil crisis.

In the face of the overwhelming necessity for world economic cooperation, only the most compelling arguments ought to detain the Senate from the task of passing the trade bill.

At one point the issue of emigration from the Soviet Union and other Communist countries raised just such an argument. However, as a result of the agreement reached in Washington last October, the need for passage of the trade bill with the Jackson amendment and waiver becomes even more critical.

In a recent visit to the Soviet Union, I discussed this issue extensively with the Soviet leaders and with the Soviet Jews who have been hoping to emigrate, many of them for many years. It was abundantly clear, particularly from the standpoint of the Jewish leaders, that passage of this trade bill is an essential ingredient in their being able to realize their hopes of emigration.

When the Jackson amendment is raised, I should like to discuss at greater length the details of the agreement in relation to specific cases of individuals who are hoping to emigrate. At this time I should like to add only that I was quite pleased and satisfied by the breakthrough on this important issue of human rights and I think we must now assure that the agreement is implemented by passing the trade bill.

Various individuals have suggested that for domestic economic reasons the trade bill should not be approved by the Congress.

Let's look at the impact of the trade bill on our domestic economy. Many serious questions have been raised about the impact of expanded trade on working men and women. In its consideration of the Trade Reform Act, the Finance Committee carefully weighed the impact of this legislation on jobs, particularly in the manufacturing sector of our economy. The Committee was especially concerned about the declining share of our workforce engaged in manufacturing.

Nonetheless, despite increased imports since 1960, employment in manufacturing has increased on an absolute basis from 16.8 million jobs to roughly 20 million jobs through the first half of 1973. Statistics suggest that to a large extent increased productivity among production workers compared with service-oriented employment, rather than imports, have been responsible for the changing composition of our workforce.

Although fears have been voiced that the Trade Reform Act might pose a threat to jobs, the evidence shows that the opposite is true -- that increased trade will result in more jobs and better and more highly paid jobs. Liberalization of trade barriers could permit us to take advantage of the competitive advantage which we enjoy in telecommunications, computer technology, aeronautics, petrochemicals and similar industries which are both labor intensive and highly skilled.

In 1974 alone, rising U.S. trade surpluses in products such as non-electrical machinery, aircraft, computers and basic chemicals have contributed more than \$16 billion to our balance of trade account;--\$5 billion more than in 1973 --creating jobs for American workers and helping to strengthen the value of the dollar. Even in many areas where the U.S. has suffered from declining trade balances in recent years, including textiles, clothing, footwear, consumer electronics and steel products, performance in 1974 has improved over that of 1973.

Unfortunately, at the time that the Trade Reform Act was first proposed, the United States was experiencing disastrous trade deficits as a result of overvaluation of the dollar in relation to foreign currencies. Thus, from an average rate of growth in imports of 7.3 percent in 1960-65, the United States absorbed a 13.3 percent increase in imports between 1965 and 1970. By 1972, imports had soared to an incredible 21.9 percent rate of growth.

Two devaluations of the dollar have helped to alleviate this problem. Our trade balance has improved significantly despite a disastrous \$16 billion increase in the cost of imported oil.

To be certain there are many serious trade problems that must be corrected if the United States is to enjoy the full benefits of a more open trading system. Other countries have used a variety of devices including variable levies, export subsidies, import equalization fees, border taxes, cartels, discriminatory government procurement practices, import quotas, and other methods to shelter their own economies while seeking greater access to U.S. markets. These practices have in many cases sharply limited the competitive opportunities of U.S. business abroad. But our failure to pass trade legislation would not eliminate discriminatory treatment of U.S. goods in overseas markets, but would in all probability lead to greater inequities as other nations follow our example by turning inward.

No major sector of our economy--certainly not workers--would benefit by Senate action to close off the avenue of negotiation for settlement of our trade difficulties.

What of consumers? In a December 8th editorial, the Washington Post properly noted that the Trade Reform Act is the most important consumer bill of the year. To the consumer trade offers a means to increase the variety and to lower the cost of items he buys. Increased competition can stimulate domestic industries to lower selling prices or to adjust output to meet changing consumer needs and preferences.

American businesses benefit from liberalized trade by gaining greater access to overseas markets and to supplies of raw materials and semi-manufactures required for domestic production processes. In 1974 exports added \$96 billion to our gross national product, up from \$38 billion just five years ago. In the State of Minnesota alone, more than 800 companies are actively engaged in international trade, adding \$1 billion to the state's income from manufacturing.

Finally, trade is essential to the livelihood of the American farmer. According to the Bureau of Labor Statistics, trade accounted for 12.6 percent of total private employment in agriculture in 1972. U.S. exports of agricultural products this year are running at an annual rate of \$21.9 billion, compared with \$17.7 billion in 1973 and \$9.4 billion in 1972. The state of Minnesota, which is one of the leading agricultural exporters in the United States, earned \$1.2 billion as a result of agricultural export sales in fiscal 1974.

Turning to provisions of the bill itself, the pending measure--like its counterpart in the House--provides the authority for the United States negotiators to seek agreements which would lower tariff and non-tariff barriers to trade. But as a result of several amendments which I offered in the Finance Committee, the Senate bill would go beyond the House version to address the critical issue of assuring not simply access to markets, but access to supplies of raw materials

Over the past two years we have seen an alarming trend toward the formulation and use of producer cartels to artificially increase the price of raw materials. The dangers in this movement are readily seen in the economic chaos generated by OPEC. Last December I warned that the example set by the Arab states could easily be followed by monopoly producers of other vital raw materials. Since then, we have seen disturbing evidence of this prediction's coming true.

Bauxite producers have combined to create the International Bauxite Association, setting the stage for Jamaica to press for a 600 percent increase in its earnings.

Through the International Council of Copper Exporting Countries, copper exporters are now pressing for greater control of the market.

Phosphate producers have achieved a threefold increase in prices, and members of the International Tin Agreement are seeking a 50 percent increase in the floor price for tin.

Coffee producers are starting to dominate markets, and other commodity producers may soon join the stampede toward cartelization.

In an era marked by spreading shortages of food and raw materials, there is a high likelihood for success of efforts to drive prices higher by limiting production of critical commodities.

And as Ambassador Eberle told the Joint Economic Committee the other day, the existing GATT articles are "virtually worthless" in attempting to deal with collusion among raw materials suppliers.

Although the GATT articles contain provisions relating to the use of export embargoes, these provisions are riddled with loopholes and have not been enforced. In fact, the major thrust of the GATT has been toward import restrictions; and until now little attention has been paid to the critical issue of supply access.

My amendments, which are incorporated in Titles I and III of the Trade Reform Act, are designed to make access to supplies a negotiating objective of equal importance to access to markets. This goal is articulated in Chapter I of the bill under General Negotiating Authority and also in Chapter II, Reform of the GATT. Under the latter section, the President would be directed to seek to strengthen the GATT articles to include rules and procedures governing the imposition of export controls, the denial of fair and equitable access to supplies, and effective consultation procedures. In addition, the President would

be directed to seek the adoption of multilateral procedures and sanctions with respect to countries that deny equitable access to supplies of raw materials, food and manufactured products.

To increase the President's leverage in bargaining with countries that deny supplies to the United States, he would be given explicit authority under Title III to retaliate against offending nations. This authority could be used unilaterally until such time as multilateral mechanisms to respond to unreasonable export embargoes are adopted by the GATT. But the ability of the United States or any other GATT member nation to bring pressure upon commodity cartels would obviously depend upon our ability to act in concert with our trading partners under mutually agreed upon rules and procedures.

In a paper entitled "Completing the GATT," released several weeks ago by the National Planning Association, C. Fred Bergsten of the Brookings Institution proposed a number of specific objectives that might be incorporated in the U.S. negotiating position. I would hope that our negotiators would draw upon these recommendations and others that have been offered to make the most effective possible use of the authorities granted under the supply access amendments.

In two other respects I believe the Senate bill offers a significant improvement over that adopted by the House of Representatives. The first such area is the question of addressing dislocations which occur as industries adjust to increased competition. Although the TRA places emphasis on avoiding market disruption and providing sufficient time for U.S. industries to adjust to competition, some temporary dislocation is inevitable. To deal with these problems, the Finance Committee adopted amendments, offered by Senator Nelson, to the Adjustment Assistance Title of the Act. Under these amendments, which I was privileged to cosponsor, the benefit levels for workers were liberalized to provide a maximum of 70 percent of a worker's average weekly wage up to 100 percent of the average weekly wage in manufacturing for a full 52 weeks. Workers over age 60 or those enrolled in approved training programs could receive benefits for an additional 26 weeks. In addition, the bill establishes for the first time a program of adjustment assistance for communities, including aid in the creation of Trade Impacted Area Councils, technical assistance under the Public Works and Economic Development Act, and a special program of loan guarantees to stimulate new investment in trade impacted communities.

Secondly, I should like to call attention to a special problem in agriculture. The United States has for many years maintained a system of import quotas on agricultural products which are covered by domestic price support systems. These

quotas are not simply a trade matter, but also an integral part of domestic price support and food policies.

Over the past two years Administration recommendations and actions have suggested the possibility of a trade off between U.S. concessions on dairy imports in exchange for " European concessions on other agricultural products. Despite repeated denials, Executive actions in maintaining price supports at or even below the minimum level required by law, in invoking emergency authority to expand dairy imports above established quotas levels, and in refusing until forced by threat of a Court order to countervail against heavily subsidized dairy imports suggested that key elements of the proposed policy might already be gaining adoption

As a result of these actions, the U.S. dairy industry is facing disastrous losses. As many as 5,000 dairy farmers in Minnesota have been forced out of business since the beginning of this year. Aside from the ruinous impact upon Administration policies upon the dairy farmer, such policies could lead to severe shortages and sharply higher prices for consumers in the months ahead.

To guard against such a possibility, Senator Nelson and I sought in Committee and were given assurances that any change in the current program of quotas under Section 22 pursuant to a trade agreement -- whether such a change could be implemented administratively or required an amendment to current law -- would be brought back to the Congress for affirmative approval under the procedures set forth in Section 102 of the Act. Furthermore, Senator Nelson and I were assured in a letter from Ambassador Harald B. Malmgren, dated October 2, 1974, that "the Special Trade Representative's Office would not recommend any changes in quotas in connection with trade policy without prior consultation with you and with representatives of the dairy industry, whatever the elements of such a settlement insofar as they affect dairy farmers."

A parallel concern of dairy farmers and many other U.S. industries is the problem of export subsidies. If subsidized imports of articles covered by domestic price support programs are permitted to enter the United States, even when traditional quotas are strictly enforced, but especially when quotas are expanded under emergency proclamation authority, not only is the American farmer subject to unfair competition, but the U.S. government is also placed in the position of being forced to buy domestic products that are displaced by imports in order to maintain price support levels.

The dairy industry offers a case in point. During the first quarter of 1974, the U.S. imported 29 million pounds of cheese from the Common Market. Most of this cheese carried a subsidy approaching 32 cents per pound. As a result of unfair competition, U.S. cheese producers lost their traditional markets, the domestic price of cheese fell below support levels, and the U.S. government was forced to buy cheese to maintain the support level.

The present law on countervailing duties is clear and mandatory. Nevertheless, because there is no effective time limit for investigation, it has only rarely been enforced. The House bill sought to correct this problem by directing that investigations be completed within one year from the date that the question is presented to the Secretary. Nonetheless, a loophole still remained since years of delay could take place before the question officially reached the Secretary. In addition, the House bill opened up two new loopholes by giving the Administration virtually unlimited discretion over whether to countervail against products covered by quotas and over whether to countervail against any products during the four yearsof the negotiations.

To meet these objections, the Finance Committee therefore adopted several amendments, which Senator Nelson and I proposed, to strike the permanent discretion over whether to countervail when quantitative restrictions are in effect, to tighten the time period for investigations, and to strictly limit Administrative discretion during the negotiations. These amendments would require that the Secretary countervail unless two conditions are met: (a) that adequate steps have been taken to reduce substantially or eliminate the adverse effect of the subsidy, and (b) that there is a reasonable prospect that successful trade agreements will be reached to reduce and eliminate barriers to trade and to countervail would seriously jeopardize the satisfactory completion of the negotiations. Any decision not to countervail would be subject to veto by either House of Congress, resulting in the mandatory imposition of countervailing duties.

At the request of Senator Nelson and me, the Department of the Treasury provided an explanation of how these amendments would be applied in the case of the dairy industry. We were informed that Treasury would proceed immediately under the countervailing duty law should the EC reinstate export payments on dairy products and that any attempt to avoid or delay the imposition of countervailing duties by the mere subterfuge of substituting one incentive program for another would be treated as though these payments had been resumed. In this event a final determination on the payment of subsidies could be

While these and other amendments have greatly strengthened the trade bill, there are however several weaknesses in the Senate version which I hope can be corrected in Conference with the House.

I am concerned, for example, that the Senate bill requires that the President provide import relief in the form of higher tariffs, quotas or orderly marketing agreements when there is a finding of injury to U.S. firms whether or not the overall national interest of our country would be jeopardized by such action.

Secondly, the Senate adopted an amendment to the countervailing duty section of the Act, which would preclude any discretion whatsoever after the first two years of the negotiations. I would hope that this limited discretion would be extended to four years, provided all major aspects of the Senate bill concerning countervailing duties and Section 22 import quotas are retained in Conference.

Thirdly, I am most concerned about an amendment that was included in Title IV of the trade bill concerning most favored national status for Czechoslovakia. This provision would seek to force Czechoslovakia to pay all property claims resulting from post-war nationalization of property at an unprecedented rate of 100 cents on the dollar before the CSSR would be eligible for most favored national status or for the return of Czech

gold confiscated by the Nazi regime during World War II. The United States has not demanded 100 percent restitution from any other Communist government; we have, in fact, signed similar claims settlements with Poland at 39 cents on the dollar and with Roumania for 37 cents on the dollar. Nor have Britain or France demanded 100 percent payment from Czechoslovakia. The Czech government has negotiated an agreement with the Department of State which would provide for a payment level of 41 percent, which compares favorably with other agreements we have negotiated and is more favorable than those signed by our Allies. Advocates of the amendment have argued that it will force the Prague government to negotiate a better agreement. Nevertheless, unless the amendment is dropped or greatly modified in Conference a more likely result would be the loss of trade opportunities totalling anywhere from \$300 million to \$1.5 billion in the next few years.

Finally, the Finance Committee adopted several, in my opinion, regrettable amendments to Title V of the Trade Reform Act. Title V establishes a Generalized System of Preferences for developing countries. While the amount of trade expected to take place under Title V is terribly modest, this program is symbolic of U.S. willingness to assist in promoting economic development and diversification in developing nations. Unfortunately, the Committee decided to attach amendments which would deny preferences to many countries in Latin America and Africa.

These amendments would also preclude any Communist country from receiving preferences. This trade bill marks a step forward in our relations with the non-market economies. But it has the unfortunate aspect of denying Generalized System of Preferences for Rumania and Yugoslavia, along with other Communist countries. At one point in the history of ~~this~~ bill, there was an exception for Rumania and Yugoslavia recognizing their more independent foreign policy and, in the case of Yugoslav~~ia~~, the more humane domestic structure as well. That exception is now missing from this bill.

I regard this as a serious error on our part. The Soviet Union has, for more ~~than~~ a generation, been seeking to enforce discipline and control over these two countries along with the rest of Eastern Europe. And we are only playing into their hands by forcing them all into the same category. I strongly urge that in Conference, ~~where~~ the Conferees will be dealing with the House version which contains an exception for Rumania and Yugo~~sl~~avia, that this provision be changed and that Rumania and Yugoslav~~ia~~ be excepted from the prohibition on GSP.

The Senate trade bill is not a perfect bill. In a number of areas in addition to those I have mentioned, I believe that this measure could be improved. Nevertheless, I recognize the greater urgency of getting this measure through the Senate and into Conference before the clock runs out. With only ten days remaining there is no time for delay.

I understand that a number of amendments may be offered relating to deregulation of natural gas and the taxation of foreign earnings of U.S. corporations. The proposal for natural gas deregulation is, in my opinion, a disastrous amendment that could take up \$10 billion a year from the pockets of consumers to line the pockets of the big oil companies. On the other hand, I have a great deal of sympathy with the intent of amendments to close tax loopholes that enable U.S. businesses to escape without paying their fair share of taxes and in some cases may encourage U.S. industries to relocate overseas. However, I do have serious questions about whether the amendments are technically sound and adequate to achieve the purposes for which they were introduced. And beyond these doubts, I recognize, as sponsors of the natural gas amendment must recognize, that the amendments will never survive the determined opposition they will meet in the waning days of the 93rd Congress. They will only succeed in killing the trade bill.

I, for one, believe that we cannot afford to let the trade bill die. The international economic outlook is simply too grave and the need for reform of our trading system too urgent to allow short-sighted arguments or narrow self-interest to kill this essential legislation. The decision we make on the trade bill is more than a domestic economic decision although it is clear that our economy would benefit from its passage. It may prove to be the most important foreign policy decision of the 93rd Congress.

Cordell Hull, the father of our trade agreements program, once warned, "If goods cannot cross borders, armies will." While this prophecy may sound alarmist, in my judgment there can be no doubt that the political consequences of allowing our trading system to deteriorate would be harmful in the extreme to our hopes for renewed cooperation with Europe, with Japan, and with the developing world. And unquestionably, the failure to strengthen our trade relationship with the Soviet Union and other Communist countries, as envisioned in the Trade Reform Act, would both undermine progress in detente to date and threaten the prospects for the future.

Negotiation offers no instant answers to the oil crisis and to the problems of inflation and unemployment. But negotiation does offer the hope that through slow and painstaking effort, detached from the political arena, our country and other trading nations can achieve mutually acceptable solutions to the relatively minor economic problems that divide us and can build the basis for cooperation to resolve the bigger issues upon which our common fate depends.



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