

Sen Hartke -

REMARKS BY SENATOR HUBERT H. HUMPHREY

AMERICAN IMPORTED AUTOMOBILE DEALERS ASSOCIATION
NEW ORLEANS, LOUISIANA

FEBRUARY 19, 1973

Richard
Mr ~~Fromman~~ - V.P.

Mr Robert McIlwaine - Exec V.P.

Knowledgeable & articulate

- Diplomatic - like doing an
elect
- Urbane - Took it - so that
complaining

I am
~~I GIVE TO YOU~~ NOT ~~AS~~ AN EXPERT IN INTERNATIONAL

TRADE AND MONETARY POLICY.

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

FOREIGN ECONOMIC POLICIES.

↳ THERE IS LITTLE THAT ~~IS DONE~~ *happens* IN AMERICA THAT IS NOT

RELATED TO THESE COMPLEX ECONOMIC ISSUES.

THE FOOD WE EAT,

THE CARS WE DRIVE,

THE CLOTHES WE WEAR,

THE JOBS WE HOLD,--

- 2 -

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

IN WASHINGTON AND IN THE CAPITALS OF THE INDUSTRIALIZED

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

↳ THIS IS NOT A NEW PHENOMENON.

↳ AS FAR BACK AS THE EARLY ^{*Twentieth*} ~~THIRTEENTH~~ CENTURY OUR

MIDWEST AND GREAT PLAINS FARMERS SAW THE BOTTOM DROP OUT

OF THEIR LIVES AS A RESULT OF WORLDWIDE MARKET CRASHES.

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

WORLD TRADING PATTERNS.

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

clh
TODAY WE MEET IN THE MIDST OF ECONOMIC UNCERTAINTY
AND CRISIS. *Dollar Devaluation, Balance of Payments
Deficit, Trade Deficit. Revaluations
floating of Yen, the Yen etc*

I DO NOT HAVE A CRYSTAL BALL INTO WHICH I CAN GAZE
to PREDICT THE FUTURE, BUT I WOULD LIKE TO GIVE YOU MY

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

TO AVOID NEW CRISES.

clh
LAST WEEK'S MONETARY CRISIS WAS MET WITH DECISIVE
ACTION BY *our* THE GOVERNMENT.

- 5 -

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

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

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

- 6 -

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

~~But~~ YOU MAY QUESTION THE DESIRABILITY OF DOLLAR
DEVALUATION. ^{But,} I CAN ASSURE YOU THAT THIS ACTION ^{is} ~~was~~ PREF-

ERABLE TO AN ACROSS THE BOARD SURCHARGE ON IMPORTS OF 10
TO 20 PERCENT. ^{and you and} I KNOW THAT THE SURCHARGE WAS BEING CON-

TEMPLATED BY THE ADMINISTRATION

^{and is being}
^{advocated by some in the Congress.}
^{can now be avoided}
^{Hopefully} SUCH A SURCHARGE ~~NOW SEEMS UNNECESSARY~~ BECAUSE OF THE

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

and, in all candor,

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

~~AS A RESULT OF THE NEIGHBORING COUNTRIES' ECONOMIC POLICIES~~
~~the~~ *governmental and private investment*
~~OVER THE LAST FOUR YEARS.~~ *fiscal and*
monetary policies plus private & corporate
international investment etc

L ~~AND~~ THE MONETARY CRISIS WHICH PRECIPITATED THE DEVAL-
was triggered by
 UATION ~~RESULTED FROM~~ THE ADMINISTRATION'S TIMING OF PHASE III.

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

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

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

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

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

CONFIDENCE IN OUR ECONOMY.

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

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

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

- 9 -

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

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

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

- 10 -

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

L THE DIMENSIONS OF YOUR INDUSTRY BEAR WITNESS TO THIS
FACT: THERE ARE ^{approximately} 4,600 FOREIGN CAR DEALERS IN THE UNITED

STATES, EMPLOYING NEARLY 200,000 PEOPLE WITH A YEARLY

PAYROLL OF ABOUT \$1.5 BILLION. ^{and} AMERICAN FOREIGN CAR

DEALERS HAVE ABOUT \$1.4 BILLION INVESTED IN THEIR BUSINESSES.

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

NOWHERE IS THE DRIVE FOR PROTECTIONISM MORE APPARENT
THAN IN THE CONGRESS ^{and}

- 11 -

and ~~and believe that~~ CONGRESSIONAL SENTIMENT FOR PRO-
TECTIONISM IS GROWING.

THE ECONOMIC AND POLITICAL ENVIRONMENT IN WHICH TRADE
LEGISLATION WILL BE CONSIDERED WILL HAVE AN IMPACT ON THE

SUBSTANCE OF THIS LEGISLATION. | *organization of congress
on trade-*

ALLOW ME TO SUMMARIZE THIS ENVIRONMENT FOR YOU:

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

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

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

- 12 -

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

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

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

- 13 -

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

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

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

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

(what he perceives to be true!)

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

- 14 -

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

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

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

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

Because of this

~~I CAN ASSURE YOU THAT~~ THE BURKE-HARTKE BILL WITH ITS

NEW QUOTAS ON IMPORTS AND REPEAL OF TAX ADVANTAGES FOR

U. S. CORPORATIONS' INVESTMENTS OVERSEAS *have* WILL GET PRIME

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

- 15 -

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

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

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

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

Then failure
of Amer Business
to emphasize
Exports &
Be competitive

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

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

L I AGREE WITH THIS RHETORICAL POSITION.

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

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

- 17 -

I WOULD BE SURPRISED IF MORE THAN ~~TWO OR THREE~~ ^{a half a dozen} MEMBERS

^{members}
~~ON~~

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

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

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

- 18 -

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

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

BECAUSE OF THE CONTROVERSIAL NATURE OF ANY TRADE
MEASURE AND THE GREAT STAKES INVOLVED, THE ACTUAL LEGIS-
LATION MUST INVOLVE CONSIDERABLE COMPROMISE. WITHOUT
PRIOR CONSULTATION WITH MEMBERS OF CONGRESS, THE *President*
will
~~ADMINISTRATION~~ MAKE COMPROMISE MORE DIFFICULT.

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

I WANT TO WORK WITH THE PRESIDENT IN THE FORMULATION

OF A REASONABLE TRADE POLICY.

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

SO DO WILLIAM PROXMIRE, RUSSELL LONG, HERMAN TALMADGE,

WILBUR MILLS, BILL FULBRIGHT, WARREN MAGNUSON, HENRY

REUSS AND MANY OTHERS. BUT PARTNERSHIP TAKES COOPERATION

AND WE HAVE HAD EXECUTIVE BRANCH SECRECY INSTEAD OF

COOPERATION.

I CALL UPON THE NIXON ADMINISTRATION TO REMOVE THE

VEIL OF SECRECY WHICH SURROUNDS THE DEVELOPMENT OF ITS

TRADE POLICIES AND WORK WITH THE CONGRESS ON THIS MATTER.

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

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

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

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

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

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

#



Minnesota Historical Society

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

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



www.mnhs.org