

001312

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REMARKS BY SENATOR HUBERT H. HUMPHREY

CATRALA CONVENTION

NEW ORLEANS, LOUISIANA

MARCH 9, 1973

White motor
Bkt
Yesterday

AT&T - Ford Galudas

- General Motors

American
motors
Bkt
today

- Chrysler + units

- Time for Cocktails

Calif | Regular
my | motor vehicles

Congrats to Mr Bennett

Dear Carson
Pres John Davis

LSU!

Sol

Population
Very little
you can
do change it!

CATRANA (Car and Truck Rental and
Leasing Assoc)
John Davis - President

L THANK YOU, SOL, FOR THAT GENEROUS INTRODUCTION. AFTER

HEARING IT, I CAN HARDLY WAIT TO HEAR WHAT I HAVE TO SAY.

L I HOPE THAT YOUR MEMBERS KNOW, SOL, WHAT A FINE
JOB YOU'RE DOING ON THEIR BEHALF IN WASHINGTON, L I CAME

TO KNOW SOL EDIDIN WHILE WE WERE BOTH VICE PRESIDENTS -- SOL

WAS WITH HERTZ, I WAS WITH LYNDON JOHNSON.

Both #1 at the
same time.

L SOL AND JERRY SHAPIRO OF HERTZ CAME TO MY OFFICE TO
MEET WITH ME AND MY FRIEND AND ASSISTANT TED VAN DYK TO

DISCUSS THE DISCOVER AMERICA PROGRAM. L THAT WAS THE PROGRAM,

YOU REMEMBER, WHICH WE BEGAN IN THE 1960'S TO PROMOTE DOMESTIC

TOURISM, AND TO BRING MORE FOREIGN VISITORS TO THE UNITED STATES.

(Help us on our Balance of Payments)

L SOL AND JERRY PROBABLY DIDN'T KNOW IT THEN — BUT, I CAN

TELL THEM NOW, THAT THEY WERE THE FIRST PEOPLE TO OFFER

HELP, WE NEEDED IT.! *thanks!*

L AS WE DEVELOPED THAT PROGRAM, ~~THE PEOPLE~~, THE PEOPLE
IN YOUR INDUSTRY WERE AMONG THE MOST HELPFUL AND THE MOST

ACTIVE, I WANT TO ESPECIALLY THANK ~~ALSO~~ BUD MORROW OF AVIS ~~and~~ *+ Bill McPike*
~~BILL McPike of Avis~~

also. MY OLD MINNESOTA FRIEND ROSS THORFISSON OF ~~NATIONAL~~ *and*
Hank Boubelik, Bemis Rolfs of National
AND JOHN DAVIS OF RYDER FOR THEIR HELP AND LEADERSHIP

IN THIS AND SO MANY OTHER THINGS INVOLVING PUBLIC SERVICE.

L AND, BEFORE I BEGIN MY FORMAL REMARKS, I WANT TO PAY
SPECIAL TRIBUTE TO HARRIS SAUNDERS, SENIOR, --- YOU ARE A GREAT
NAME IN THIS INDUSTRY, MR. SAUNDERS, AND I VERY MUCH LOOK

FORWARD TO READING YOUR BOOK — *"Top up or Down"?*
(that model T on the Book Cover)

and

BEFORE I GO FURTHER, I WANT TO COMMEND YOU ALL FOR

HOLDING YOUR CONVENTION IN THE SERIOUS WORKING ATMOSPHERE OFNEW ORLEANS AT MARDI GRAS . . . Who Says

work can't be fun! - Next
time have your convention
in mpls at the Summer
Aquafestival - or in
St Paul at the Winter
Carnival - we have
fun too - and a little
work + enuff to meet
IRS Standards!

Talk to you about our Economy
 Domestic - + Foreign - Changed
 world for U.S. - after W.W.II - now E.E.C. - Japan
 Dollar - etc - international affects us -

I AM NOT AN EXPERT IN INTERNATIONAL TRADE AND

MONETARY POLICY.

BUT, LIKE ALL OF YOU, I AM CONCERNED WITH OUR

FOREIGN ECONOMIC POLICIES.

L THERE IS LITTLE THAT 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,--

war
goods,
Trade
money

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L INDEED, THE QUALITY OF LIFE IN AMERICA CANNOT BE
~~SEPARATED FROM TRADE, TARIFF AND MONETARY POLICIES~~
international
ADOPTED IN WASHINGTON AND IN THE CAPITALS OF THE
INDUSTRIALIZED WORLD--AND THE FLOW OF RAW MATERIALS
FROM THE DEVELOPING WORLD.

L THIS IS NOT ~~A NEW PHENOMENON~~.

L AS FAR BACK AS THE EARLY TWENTIETH CENTURY OUR
MIDWEST AND GREAT PLAINS FARMERS SAW THE BOTTOM DROP
OUT OF THEIR LIVES AS A RESULT OF WORLDWIDE MARKET
CRASHES.

L AND THE MILL TOWNS AND STEEL TOWNS ~~OF THE~~
INDUSTRIAL REVOLUTION EXPERIENCED BOOM OR DEPRESSION
AS A RESULT OF WORLD TRADING PATTERNS.

2 NO MATTER HOW HARD SOME OF OUR COUNTRYMEN TRY, WE
CANNOT DIVORCE OUR LIVES FROM THE COMMERCIAL AND TRADING
RELATIONSHIPS WE HAVE ESTABLISHED WITH NATIONS OF THE
WORLD. THIS IS AN INTERDEPENDENT WORLD. *they* Oil - *your* Food -

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

2 WE MUST SEEK TO INSURE THAT THE BENEFITS OF FOREIGN
and economic growth
TRADE ARE SHARED EQUITABLY.

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

POLICIES - *just as we must assist those
who are left out or left behind as our
economy changes by the impact of
inflation or recession.*

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

TODAY WE MEET IN THE MIDST OF ECONOMIC UNCERTAINTY
 AND CRISIS. DOLLAR DEVALUATION, BALANCE OF PAYMENTS

DEFICIT, TRADE DEFICIT, REVALUATION, FLOATING OF LIRA, *Dutch mark*
have, THE YEN, *and at home inflation and continued*
unemployment

I DO NOT HAVE A CRYSTAL BALL TO PREDICT THE
 FUTURE.

BUT I WOULD LIKE TO GIVE YOU MY THOUGHTS ABOUT WHERE
 I THINK WE ARE HEADED AND WHAT I BELIEVE MUST BE DONE
 TO AVOID NEW CRISES.

The ~~LAST WEEK'S~~ MONETARY CRISIS ~~WAS MET WITH DECISIVE~~ *has required prompt*

ACTION BY OUR GOVERNMENT.

It was hoped that

~~HOPEFULLY~~ A DEVALUED DOLLAR AND THE REALIGNMENT OF
OTHER CURRENCIES ^{would} ~~WILL~~ HALT THE CRISIS AND ALLOW US

TIME TO CONSTRUCT A COHERENT TRADE POLICY AND FURTHER

REFORM THE INTERNATIONAL MONETARY SYSTEM. ~~Events of the~~

But, that hope is far from being realized. The Dollar continues to be in trouble - other countries, like those of E.E.C., have not come to any agreement on monetary policy, and the basic questions of Trade & Monetary Policy, ~~and~~ are unresolved.

What has caused all of this -

U.S. not in the position it once was -
after W.W.II -
Rise of E.E.C. - Japan
U.S.C.R. - + China.

Heavy defense expenditures, deficits, wars
Foreign Assistance -

singer visit to Hanoi earlier this month.

So neither side is actually in arrears yet. The Communists say that once positive steps are taken to rectify the various problems, the release of prisoners can resume on schedule and normally.

Shortcomings itemized

The Hanoi statement itemized a number of American and South Vietnamese shortcomings. The United States was accused of delaying mine clearance in North Vietnam's harbors, and especially its rivers. Also of resuming the bombing of Laos one day after the cease-fire there, on the pretext that the B-52's were requested by the Lao Government, which Hanoi labeled "totally unacceptable."

It also used American planes in Cambodia, the Communists complained.

Saigon misdemeanors were similarly itemized. South Vietnam is accused of launching "scores of thousands" of military operations, some of regiment and division size. It has refused to release captured civilian de-

All this was preceded with Hanoi's justification of its own righteousness in strictly observing all the requirements of the truce agreement. It would seem to follow that the prisoner delays are North Vietnam's way of showing its displeasure.

The Communist tactic since the advent of the truce on Jan. 27 has been to keep an extremely low military profile, according to Saigon informants. The object was to show the South Vietnamese people they were capable of responsible action — and therefore worthy to govern the country by means of the ballot box as well as military force.

Saigon officials, meanwhile, pointed out that the Communists are boycotting some Joint Military Commission meetings, particularly those dealing with exchanges of military prisoners, while attending those called to discuss civilian releases.

The South claims the North is detaining almost 60,000 South Vietnamese civilians, yet has provided a list of only 200 so far. In turn, it has given the North a list of 5,000 civilian prisoners.

in Parliament Tories in po- shocked by the toughness of the The Enoch Powell wing on the right the controls "just won't work."

Some Labour members give cautious welcome. But the attitude Trades Union Congress is as yet un-

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U.S. dollar slippage means a big boon for Soviet bloc

By Paul Wohl
Written for
The Christian Science Monitor

Dollar devaluation has been a boon for the Soviet bloc.

Indirectly it has more than paid for all Moscow's massive emergency imports of grain and fodder.

This bonus is the result of Communist borrowing. Over the past six months or so, Soviet-bloc banks have been granted Eurodollar loans totaling roughly \$40 billion by European financial institutions — money which the bloc nations have used to make purchases in the West.

Now that the dollar has been devalued, the Communist countries will save 10 percent on the repayments.

Already these countries therefore have netted \$4 billion. And they expect more dollar devaluations to add to the sum.

Institutions visited

The \$40 billion borrowing figure comes from reliable sources reported by Franz Pick, noted international currency analyst. Dr. Pick has just returned to New York from a tour of European financial institutions.

The initiative for these transactions is said to have come from West European financial institutions, whose representatives assiduously visited the East bloc's central banks in Moscow, Warsaw, Budapest, etc., offering easy Eurodollar credits.

These institutions hold a large part of the more than \$100 billion Eurodollars floating in the world. Their loans to the Communist bloc are a means of obtaining a reasonable interest (7 to 8 percent) on these Eurodollars.

In a related move, Japanese banks have extended a substantial Eurodollar credit to Deutsche Notenbank, the central financial institution of East Germany.

Most of these transactions were negotiated by the Soviet Union's banks abroad — the Moscow Narodny Bank of London, the Banque Commerciale des Pays de l'Europe du Nord of Paris, the Ost-West Handelsbank of Frankfurt, the Voskhod Handelsbank of Zurich, and the Moscow Narodny banks of Beirut and Singapore.

Every one of these banks enjoys an excellent financial reputation, which in the case of the London and Paris banks has been built up over a half a century.

Political impact expected

The Soviet bloc expects the currency crisis to affect political relations between the United States and the Common Market countries, as well as with Japan.

Should the Europeans succeed in setting up a West European currency pool, as has been repeatedly suggested, the dollar might cease to be the West European accounting unit, Soviet analysts believe. A similar zone for Japan's yen would further deepen the dollar's predicament.

Soviet commentators, cautiously reporting such trends, gloat at the West's financial difficulties and claim that none of these measures would bring lasting relief.

Actually, however, financial trends are not all to the advantage of the Soviet bloc. The bloc's central banks still use dollars in their foreign-trade dealings with third-world countries. Most of the credits which the bloc has extended to these countries are to be repaid in the now less valuable (paper) dollars.

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AND, IN ALL CANDOR, I BELIEVE THE ^{must} DEVALUATION

OF THE DOLLAR WAS THE RESULT OF GOVERNMENTAL FISCAL AND

MONETARY POLICIES PLUS PRIVATE AND CORPORATE INTER-

NATIONAL INVESTMENT.

over 100 Billion U.S. Dollars in European Banks. —

THE MONETARY CRISIS WHICH PRECIPITATED THE DEVAL-

UATION WAS TRIGGERED BY THE ADMINISTRATION'S TIMING

OF PHASE III.

~~economic controls.~~
In my judgement,

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

TO BELIEVE THE RHETORIC OF PHASE III.

— that all is well.



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NEWS

Hubert H. Humphrey

HUMPHREY TO URGE CONGRESSIONAL
INVESTIGATION OF DOLLAR SPECULATORS

232-Senate Office Building
(202) 225-3244

Contact: Betty South

FOR RELEASE FRIDAY, MARCH 9, 12:45 P.M.

NEW ORLEANS, March 9--~~Senator Hubert H. Humphrey today~~
~~called for a far reaching Congressional investigation to determine~~
~~who are the speculators leading the weekly assaults on the dollar.~~

~~Speaking at the Car and Truck Renting and Leasing Association~~
~~at the Fairmont Roosevelt Hotel, the Minnesota Senator said that~~
~~"the time has come to ask for an accounting.~~

~~"We should stop acting like this question is totally out~~
~~of our control. We must know who is speculating against the~~
~~dollar."~~

I am asking
~~Humphrey indicated that he will~~ the Joint Economic
Committee of the Congress, ~~on which he serves,~~ to conduct hearings
on this issue in the very near future,

"If American firms with huge dollar reserves abroad are
involved in this speculation, they should halt such activity and
exercise some economic patriotism.

"I would also expect these firms to come forward voluntarily
and discuss the issue as well as to make known the extent of their
involvement in international monetary dealing.

"We hear that the oil rich Arab states are speculating along
with American corporations. In the interest of all concerned,
I think the American public and the Congress deserve to know more
about this matter."

*But an investigation of
speculators and speculation is not
enough - The -*

THE HOLDERS OF LARGE AMOUNTS OF DOLLARS SOLD

THEIR DOLLARS BECAUSE OF LACK OF CONFIDENCE IN OUR

ECONOMY. *and others just plain speculated. This wholesale speculation requires a far reaching ——— #*

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.

IF THESE POLICIES CANNOT DO THE JOB, *then the*

Administration must ~~must~~ take
ORGANIZE EFFORTS IN CONGRESS AND AROUND THE NATION TO

the necessary action to reinstitute a
REINSTITUTE A SYSTEM OF EQUITABLE WAGE AND PRICE

system of wage + price controls.
CONTROLS.
~~It is necessary to have a system of~~

I know that neither business or labor like these controls - I know such controls are often burdensome and inequitable but

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~~THIS IS NOT A THREAT~~ BUT THE ADMINISTRATION

MUST REALIZE THAT WE MAY BE ENTERING A PERIOD OF PRICE

INCREASES DETRIMENTAL IN THE LONG RUN TO BOTH CONSUMER

AND PRODUCER.

But

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 THE

NATION.

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ALL OF US HAVE A GREAT STAKE IN CONGRESSIONAL
ACTION ON UPCOMING TRADE LEGISLATION, IN SEEING THAT
THE OUTCOME IS A BALANCED, PROGRESSIVE POLICY BASED
ON CONGRESSIONAL AND PUBLIC AGREEMENT.

↳ NOWHERE IS THE DRIVE FOR PROTECTIONISM MORE
APPARENT THAN IN THE CONGRESS, AND SENTIMENT FOR
PROTECTIONISM IS GROWING.

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

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.

--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.

--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.

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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.

~~But~~ THE AMERICAN WORKER IS UNDER GREAT ECONOMIC
PRESSURE.

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.

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

BECAUSE OF THIS, THE BURKE-HARTKE BILL WITH ITS
NEW QUOTAS ON IMPORTS AND REPEAL OF TAX ADVANTAGES FOR
U. S. CORPORATIONS' INVESTMENTS OVERSEAS DOES GET PRIME
ATTENTION IN THE 93RD CONGRESS.

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

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

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

Recently,

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

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

I AGREE WITH THIS RHETORICAL POSITION.

HE LINKED THIS THEME WITH A POSITION THAT HE WOULD
SEEK BROAD NEW AUTHORITY NOT ONLY TO LOWER TARIFFS BUT
ALSO TO RAISE TARIFFS TO HELP HIM BARGAIN FOR IMPROVED
MARKETS FOR OUR EXPORTS!

THIS IS ALL I KNOW ABOUT THE CONTENT OF THE
PRESIDENT'S FORTHCOMING TRADE LEGISLATION--WHAT DO YOU
KNOW? HAVE YOU BEEN CONSULTED?

I WOULD BE SURPRISED IF MORE THAN A HALF A DOZEN
MEMBERS OF CONGRESS OUT OF A TOTAL OF 535 KNOW WHAT
THE ADMINISTRATION WAS PLANNING.

THE PRESIDENT NEEDS TO REMEMBER 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 SECRECY
ON THESE MATTERS, IT MUST TAKE THE CONSEQUENCES FOR
SENDING TO CONGRESS A MAJOR PEICE OF TRADE LEGISLATION
WITHOUT TESTING BOTH DEMOCRATIC AND REPUBLICAN
SENTIMENT ON A MATTER WHICH WILL SURELY CROSS PARTY
LINES.

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 MAKE COMPROMISE MORE DIFFICULT,

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.

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
ADVISORS MOVE SOON TO CONSULT WITH BUSINESS-LABOR-FINANCE
AND MEET WITH THOSE OF US IN CONGRESS WHO WILL BE WORKING
ON TRADE LEGISLATION.

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