FOR THE SENATE:

Everett M. Dirksen of Illinois
Thomas H. Kuchel of California
Bourke B. Hickenlooper of Iowa
Margaret Chase Smith of Maine
George Murphy of California
Milton R. Young of North Dakota
Hugh Scott of Pennsylvania

PRESIDING:

The National Chairman Ray C. Bliss

THE REPUBLICAN LEADERSHIP OF THE CONGRESS

Press Release

Issued following a
Leadership Meeting

March 17, 1967

FOR THE HOUSE OF REPRESENTATIVES:

Gerald R. Ford of Michigan
Leslie C. Arends of Illinois
Melvin R. Laird of Wisconsin
John J. Rhodes of Arizona
H. Allen Smith of California
Bob Wilson of California
Charles E. Goodell of New York
Richard H. Poff of Virginia
William C. Cramer of Florida

STATEMENT BY SENATOR DIRKSEN

For Release
Noon, March 17, 1967

The Kennedy Round negotiations at least reach crisis point. Our negotiators in Geneva rightly confess alarm over the magnitude and complexity of the issues still unsolved after nearly three years of effort.

These prolonged negotiations -- still fruitless even at this late date -- evidence the urgent need for a comprehensive reassessment of America's foreign trade policy by the 90th Congress.

Republicans in Congress strongly favor truly reciprocal trade. But for years the United States has not benefited reciprocally from its trade agreements. For seven years straight our commercial balance of trade has declined. Its alarming state has been misrepresented to Congress and the nation.

A number of basic domestic industries have suffered grievously under unwisely "liberalized" customs and tariff practices and ineptly administered trade agreements legislation. Foreign-produced goods have prospered in our markets. But foreign markets have not reciprocally responded to our products of America's mines, farms, forests and industry.

We welcome the pledge of Chairman Long of the Senate Finance Committee to conduct an early review of the nation's foreign trade operations and particularly the administration of the trade agreements program. This pledge is in accord with our own earlier recommendations. Our appended statement outlines areas and problems which the national interest requires be included in the Committee's investigation and hearings.

Let the Administration understand clearly the import of these remarks: a simple extension of the present law just will not do. We must proceed -- and in good time -- to give adequate attention to this nation's basic economic needs, and amend the law accordingly.

(More)

REPRESENTATIVE FORD March 17, 1967

If this nation's foreign trade position is not to decline further, a first order of business must be the creation of a House Select Committee on Export Controls, a move that has continuously been blocked by the Johnson-Humphrey Administration. This Committee should maintain a continuing evaluation of all related developments, including trade in strategic goods.

We have long recommended urgent solution of our deteriorating balance of payments position -- a solution constructive for the rest of the world as well as for ourselves. The problem <u>must</u> be solved. In this critical area the Johnson-Humphrey Administration has failed utterly. Like sensible export controls, our balance of payments directly affects jobs for the American people and the health of American industry. We therefore urgently advocate these studies. The studies to which I refer are outlined in our appended statement.

We urge also, in the light of present world conditions, an objective reappraisal of the size and character of America's world-wide military and economic commitments. This recommendation is neither new nor partisan. It is urged by military experts and leaders of both parties. Its urgency is underscored by the sharp disagreement over it among the leaders of the President's party.

The Administration and its Democrat majorities in Congress cannot avoid responsibility for their continuing failure to act decisively on these problems so vital to every American citizen and family.

THE NEED FOR INVESTIGATION AND PUBLIC HEARINGS BY THE SENATE FINANCE COMMITTEE BY WAY OF LEGISLATIVE OVERSIGHT OF THE ADMINISTRATION OF U. S. CUSTOMS, TARIFF, AND TRADE AGREEMENTS LEGISLATION

On January 18, 1967, the Chairman of the Committee on Finance, United States Senate, the Honorable Russell B. Long, delivered an address before the Economic Club of New York in which he declared that "our trade policies need a thoroughly new look and some hard-headed American businessmen are needed to devote a great deal of independent thought and study to the overall program."

The Chairman also made a statement on the floor of the Senate on February 3 concerning our Nation's foreign trade policy in which he declared that the developments thus far in the Kennedy Round and dissatisfaction with the Antidumping Act and other customs and tariff matters "are dramatic evidence of the necessity for a thoroughgoing inquiry into our foreign economic policy during the 90th Congress." The Minority Leader of the Senate, in an address delivered in New York on December 3, also called attention to the need for Congress to "restore some semblance of fairness and balance to our foreign trade policy and procedures."

The principal Congressional attention to foreign economic policy in recent years has been centered on the delegation or extension of authority to the President to enter into trade agreements providing for a reduction in U. S. rates of duty.

A study of U. S. foreign trade data for recent years prompts the conclusion that the United States has not received actual reciprocity in trade benefits in trade agreement negotiations conducted under the auspices of the General Agreement on Tariffs and Trade. Worse, it seems clear that the Congress has been misled as to the actual status of our merchandise balance of trade.

Misleading Reports of the Executive Branch Concerning the U. S. Balance of Trade

According to reports released by the Department of Commerce on January 25, 1967, the Nation's balance of merchandise trade for the year 1966 showed an export surplus of $3.4 billion, based on the following figures:

Exports of domestic merchandise (excluding defense shipments)	$28,958.6 million
General imports of merchandise	25,550.3 million
Balance of merchandise trade	$ 3,408.3 million

A substantial part of the exports, however, were noncommercial, being financed by the U. S. Government. For the first 9 months of 1966, exports financed by the U. S. Government totaled $2,214 million.* Estimating the fourth quarter of the year at the same rate as the first 3 quarters, the total of Government-financed exports for 1966 was approximately $2,952 million. This compares with $2,768 million Government-financed exports for the year 1965.

If these Government-financed exports are subtracted from the total exports reported by the Department of Commerce, the favorable trade balance, on a commercial basis, shrinks to $456 million.

The United States balance of trade on a commercial basis in 1966 was the lowest of the past seven years. This is shown by the following chart:

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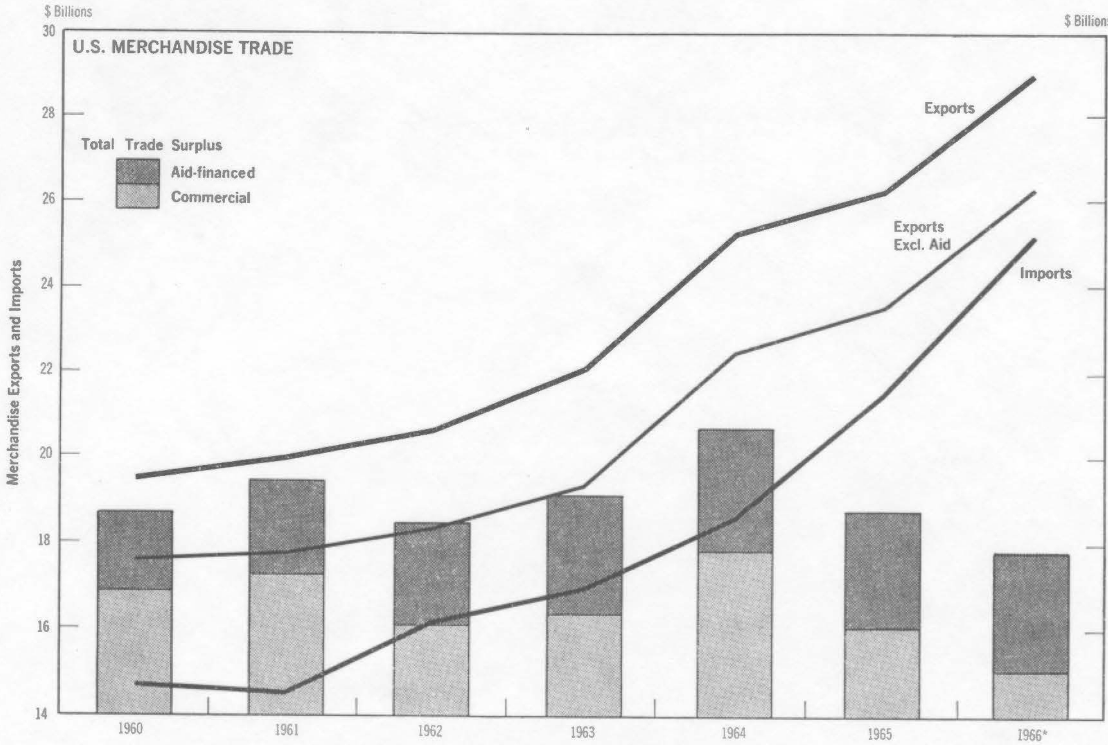
* Merchandise exports financed by U. S. Government grants and capital outflows as reported by U. S. Dept. of Commerce, *Survey of Current Business*, December 1966, pp. 24, 25 (cf. line A 28, p. 25).



*For 1966, data are averages for the first three quarters converted to annual rates. Aid-financed exports are those entailing U.S. government grants or loans.

SOURCE: Morgan Guaranty Trust Company of New York, *The Morgan Guaranty Survey*, January 1967.

Even the $456 million commercial export surplus figure is misleading. The practice of other nations is to record the value of their imports on a c.i.f. rather than an f.o.b. origin basis. Thus, if we are to compare the commercial balance of merchandise trade of the United States with that of other nations, our import figures should be converted to a c.i.f. basis.

On February 7, 1967, the Tariff Commission released data based on an analysis of import entry documents for the year 1965. As reported by the Commission, these data show that U. S. imports when reported on a c.i.f. basis would be equal to 110% of the value as reported by the Department of Commerce. If this adjustment is made to the data for the year 1966, the true commercial balance of trade of the United States for comparison with that of other nations would appear to be as follows:

U. S. merchandise exports as reported by the Department of Commerce	$28,958.6 million
Less U. S. Government-financed exports	2,952.0 million
Commercial exports, net	*$26,006.6 million*
Imports, c.i.f. (110% of the value as reported by the Department of Commerce) ..	$28,105.3 million
U. S. balance of commercial merchandise trade	*-$2,098.7 million*

Thus, it would appear that the net result of the years of trade agreement negotiations conducted by the Executive Branch of the Government is a steady worsening of our commercial balance of trade and, for the year 1966, an actual deficit in the order of $2 billion.

It is difficult to avoid the conclusion that our trade agreement negotiations in the past have not been reciprocal. The results appear contrary to the representations which have repeatedly been made by the Executive Department to the Congress in connection with foreign trade legislation. It would seem to be a matter of serious concern that the type of sweeping across-the-board reductions in duty being pursued by the United States in the Kennedy Round could have an even worse effect on the trade position of the United States in future years.

* * * * *

Domestic industries have increasingly sought the intervention of the Congress in recent years against the disruptive effects of rapidly increasing imports, and they have called attention to the balance of payments consequences to the Nation of the trends of increasing imports and declining exports. The situation of these industries, including several of the Nation's basic industries, may indicate that in the administration of the customs, tariff, and trade agreements laws of the United States, there has been a lack of balance and a one-sidedness in judgment which has reduced the protective effects of our domestic customs, tariff, and trade agreements legislation for domestic industries while exaggerating or "liberalizing" the administration of these laws for the benefit of importers of foreign-produced goods.

A careful investigation of the administration of the laws in each of these vital areas, which in totality make up the legislative expression of our foreign economic policy, should be conducted and completed prior to any consideration of a renewal or enlargement of the President's authority to enter into trade agreements for the modification of U. S. duties or other customs provisions.

It would appear that the Committee on Finance may have an exceptional opportunity during the next several months to devote extended consideration to these topics. While corrective legislation in the area of customs, tariffs, and trade agreements normally originates in the House of Representatives, an extremely useful service would be rendered to the Senate and the House if the Committee on Finance could take advantage of the present opportunity to carry out its responsibility for legislative oversight of the customs, tariff, and trade agreement laws of the United States by hearing, investigating, and reporting on the administration of these laws and the necessity or desirability, if any, of administrative reform including appropriate changes in the basic legislation itself.

Such a report should prove to be of exceptional value to both Houses of Congress in connection with any attention which the Committees and the Congress are called upon to give an extension of the Trade Expansion Act or replacement of the program defined by that Act with some other program responsive to the present and anticipated situation in the foreign commerce of the United States.

Accordingly, it is recommended that the Committee on Finance schedule public hearings on, and authorize appropriate staff investigation of, the following topics:

1. THE PRENEGOTIATIONS SAFEGUARDS OF THE TRADE EXPANSION ACT (19 U.S.C. §§ 1814-1845): Repeal of Congressional Policy by Administrative Fiat.

The Trade Expansion Act repealed the "peril point" provision of the trade agreements legislation under which the Tariff Commission as a prerequisite to trade agreement negotiations prior to the Kennedy Round investigated, determined, and reported to the President the extent to which the rates of duty on articles to be considered in the negotiations could be reduced without causing or threatening serious injury to domestic industries.

To allay the concern of domestic industries and members of the Congress concerned with their welfare, there was set forth in the Trade Expansion Act an elaborate procedure for public hearings and Tariff Commission advice to the President concerning the probable economic effect of modifications in U. S. duties. The President was required to receive and consider such advice prior to entering into trade agreement negotiations.

Notwithstanding these provisions and the assurances which accompanied their enactment, the Administration participated in a meeting of the Ministers of the GATT member countries in May of 1963 and agreed to a resolution providing for linear (across-the-board) reductions in duty of 50% on all industrial products subject only to a *bare minimum of exceptions*, which exceptions were subject to confrontation and justification, and excusable only on the grounds of overriding national interests.

This commitment was made by the Executive Branch approximately one year prior to the date upon which the Tariff Commission's report of the probable economic effect of reductions in duty was submitted to the President. This commitment was renewed at the meeting of Ministers in May of 1964 at about the time the President received the Commission's report, but clearly well in advance of the date on which he or his delegates could have seriously studied and evaluated the Commission's advice.

U. S. negotiators have publicly stated that the U. S. "exceptions" list was indeed kept to a "bare minimum," and that the United States expected to reduce this "bare minimum" even further in the course of the negotiations. Evidently, therefore, the policy of careful evaluation and selectivity in the determination of articles to be placed in the negotiations, understood and intended by the Congress as a prerequisite to negotiations, has been ignored, or taken so lightly as to amount to a virtual dead letter in the Trade Expansion Act.

2. *TARIFF ADJUSTMENT (19 U.S.C. §§ 1901, 1902, 1981, 1982): The Total Inoperativeness of the Escape Clause.*

At the urging of the Executive Branch, the Congress repealed the escape clause provision of the trade agreements legislation under which Presidents Truman, Eisenhower, and Kennedy had made a few highly selective withdrawals of tariff concessions found by the Tariff Commission to have caused or threatened serious injury to domestic industries, and substituted in its stead the so-called "adjustment assistance" provision of the TEA.

Under the 1962 Act, such assistance might take the form of tariff adjustment, assistance to workers in the form of extended periods of unemployment compensation and retraining and relocation allowances, or tax incentives or loans to firms requiring such help in order to transfer their activities to other lines of endeavor. The criteria for relief in any case was the same, a finding by the Tariff Commission that due in *major* part to a tariff concession imports had increased and were a *major* factor in causing or threatening serious injury to a domestic industry, group of workers, or firm.

Thus far in nineteen cases, involving nine industries, five groups of workers, and five firms, the Tariff Commission has uniformly refused to make the necessary findings and Administration officials have acknowledged that the criteria of the Act impose too severe a standard.

3. CANCELLATION OF PAST ESCAPE CLAUSE RELIEF [19 U.S.C. § 1981(c)(1)(A)]: Has Administrative Policy Made a Sham of Fact-Finding?

When the Trade Expansion Act became law, there were in effect a handful of cases in which tariff concessions had been wholly or partially withdrawn to correct the serious injury which domestic industries had suffered under rising imports. The Executive Branch has now canceled in whole or part all of these escape clause actions except two textile cases as a part of or prelude to the negotiations in the Kennedy Round.

The following industries are the victim of decisions which appear to have been based solely on negotiating policy rather than an objective consideration of the economic merits of the industry's case: clinical thermometers, stainless steel flatware, lead and zinc, flat glass, and jeweled watches.

4. THE NATIONAL SECURITY AMENDMENT (19 U.S.C. § 1862): The Total Inoperativeness of the Finance Committee's Particular Remedy.

In the Trade Agreements Extension Act of 1955, the Committee on Finance fashioned a particular remedy to permit the regulation of imports affecting basic industries in a manner consistent with the national security. This amendment was carried forward in the subsequent Extension Act of 1958.

More than 20 cases have been brought before the Office of Emergency Planning (and its predecessor agencies), made the investigating agency by the statute. In only one, petroleum and petroleum products, acted upon during the Eisenhower Administration, has relief been granted. Though import competition has been found to be significant in the case of a number of industries suffering economic distress, the Office of Emergency Planning has in each instance "explained away" either the national security importance of these basic industries or of the imports as a contributing cause of the industry's distress. One case, textiles and textile manufactures, remains undecided after nearly six years.

In some instances the Director of the Office of Emergency Planning has cited the opinion of the State Department that import restrictions would affect the national security interests of the United States as seen in the international relations of the United States as a reason for denying relief.

Whereas the Finance Committee intended the national security provision as a remedy applicable to a number of basic industries, it has been converted through the policy imperatives of the Executive Branch into virtually a dead letter of the law.

5. *TARIFF COMMISSION INVESTIGATIONS AND REPORTS OF THE CUSTOMS LAWS OF THE UNITED STATES, TARIFF RELATIONS OF THE U. S. AND OTHER COUNTRIES, COST OF PRODUCTION AND OTHER FACTS PERTAINING TO COMPETITION BETWEEN DOMESTIC AND FOREIGN PRODUCTS IN THE PRINCIPAL MARKETS OF THE UNITED STATES (19 U.S.C. § 1332).*

The Tariff Commission was established as a quasi-legislative body which would, through its investigations and reports, inform and assist the Congress in its consideration of tariff and trade legislation. To this end the Congress directed the Commission in Section 332 of the

Tariff Act of 1930 to carry out on a continuing basis a variety of investigations and to make reports thereon to the Congress on a variety of topics.

These relate to the effect of customs laws on the industry and labor of the United States, practices of foreign countries through commercial treaties, preferential provisions, economic alliances, export bounties, and preferential transportation rates, and dumping which affect competition between U. S. and foreign industries; costs of production of U. S. and foreign-produced articles including the import costs of articles competitive with U. S. production, and other facts bearing on competition between articles of U. S. and foreign origins in U. S. markets.

There has been little attention by the Commission to these responsibilities in recent years. As a result, the Congress has been disabled in considering customs, tariff, and trade agreement legislation. Not in recent years have the Chairman or members of the Tariff Commission been interrogated by the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives. Information submitted in the name of the Commission to these Committees has frequently been in the form of unsigned memoranda which may not in fact represent the carefully considered judgment of the Commission's staff of industry specialists and of the Commissioners themselves.

In particular, the Commission's continuing responsibilities to investigate and report on the topics specified in Section 332 as a means of keeping the cognizant Committees of the Congress fully informed of developments in customs, tariff, trade agreements, and foreign trade practices and competitive conditions between U. S. and foreign industries relating thereto have not been carried out. This makes it difficult for the Committees to become knowledgeable in these matters and to keep abreast of significant changes in the relationship of U. S. and foreign industries and the position of the United States in world trade.

The Congress has been placed in the position of reacting to initiatives from the Executive Branch or foreign countries and industries rather than being forehanded with legislation which would enable the United States to deal effectively with developments in world trade. The acute disparity between the growth rate of U. S. imports and U. S. exports and the sharp decline in the balance of trade of the United States, especially in trade conducted on a commercial basis, is one consequence of this situation.

* * * * *

The rules for and manner of administration of customs valuation and of the basic remedies, such as antidumping and countervailing duties which are designed to prevent the circumvention or avoidance of the amount of duties intended by the Congress as revenue and domestic protection measures, have fully as great an impact on total duties collected as the numerical level of the rate of duty itself. Problems of administration in the customs valuation, antidumping, and countervailing duties areas match the seriousness of the negative record of administration of the tariff adjustment provisions of the Trade Expansion Act in recent years.

1. *THE ANTIDUMPING ACT (19 U.S.C. § 160 et seq.): The Quality of Its Administration and Appropriate Amendments To Make the Act a More Effective Deterrent Against Unfair Practices in the Import Trade.*

Under the leadership of the then Senator Humphrey, a large number of the members of the Senate have in recent years requested substantial amendments in the substance and procedure of the Antidumping Act. In the 89th Congress, S. 2045, introduced by Mr. Hartke for himself and 31 other Senators, is representative of this effort.

2. *THE COUNTERVAILING DUTIES STATUTE (19 U.S.C. § 1303): Its Nonadministration and the Need for Legislative Direction to Restore the Act as a Check Against the Subsidization of Exports by Foreign Countries.*

The principal way in which foreign countries now pay or bestow, directly or indirectly, bounties or grants upon the production or export of articles imported into the United States is through the remission of the so-called value added or turnover taxes used by those governments as a principal means of raising tax revenues. By interpretation the Treasury Department is refraining from imposing countervailing duties in such instances contrary to the ruling of the United States Supreme Court in *Downs* v. *United States*, 187 U.S. 496, which held that a tax imposed upon the production of a commodity which is remitted upon the exportation of this commodity is, by whatever name the practice may be disguised, tantamount to a bounty upon exportation subject to countervailing duties.

3. CUSTOMS VALUATION (19 U.S.C. §§ 1401a, 1402): Eleven Years' Experience Under the So-Called "Simplification" of Customs Valuation Rules; the Need to Reëstablish Valuation Rules Designed to Check Undervaluation.

Eleven years ago the Congress enacted the Customs Simplification Act of 1956 on the urging of the Executive Branch. Two basic changes were made: the use of the higher of foreign [home market] or export value was eliminated as the primary valuation basis, export value becoming the principal valuation base; and the terms used in defining the various valuation bases were themselves defined.

The use prior to 1956 of the higher of foreign or export value as the primary valuation base accomplished three important results: it was an automatic check against undervaluation; it provided the Customs Service with a continuous body of foreign price information, thereby facilitating the administration of the Antidumping Act; and it prevented foreign exporters from achieving a measure of control over the actual amount of duties collected in the United States since the price they charged for exports to the U. S. became the basis of valuation for customs purposes only where such price was higher than the internal market price.

(In other words, prior to 1956 it was more difficult for foreign exporters to manipulate both the home market and export price in order to predetermine U. S. duty collections than the situation which obtained after 1956 in which the exporter's actual price on goods sold to the United States tended to become the principal basis for customs valuation.)

When the Customs Simplification Act of 1956 was considered in the Senate, the then Majority Leader, Senator Lyndon Johnson, in presenting and explaining the bill, stated that "Treasury representatives advised the committee that there would likely be more effective enforcement of the antidumping law" under the new Act because "foreign value information would continue to be required on customs invoices" so that there would be available "the information needed to initiate full-scale investigations whenever dumping was indicated." (*Congressional Record*, July 18, 1956, p. 12064)

Unfortunately, following the enactment of the Customs Simplification Act of 1956, the administration of the Antidumping Act appears virtually to have collapsed inasmuch as there have been very few instances in which antidumping duties have been imposed notwithstanding many hundreds of complaints. In fact, there have been less than a dozen cases in which antidumping duties have actually been imposed out of several hundred complaints filed since 1956.

Equally disturbing in the opinion of domestic industries is the probability that customs personnel at the ports have, under pressure of the mounting workload of the sharply rising number of import transactions, settled into an administrative practice in which the price appearing on the commercial invoice covering the goods imported is accepted as evidence of the export value for customs valuation and duty purposes. This value is oftentimes significantly lower than home market prices which, under the definition of foreign value applicable prior to 1956, would as evidence of "foreign value" represent the basis for customs valuation for duty purposes.

Thus it is strongly feared that domestic industries are being injured not only by the nonadministration of the Antidumping Act, but also by the reduction in the amounts of duties collected as a result of the acceptance of deflated prices as a basis for customs valuation under the export value rule.

For the past eleven years domestic industries have suffered a reduction in duty as a result of the change in customs valuation rules (in addition to the reductions in duty flowing from the tariff cuts carried out under the trade agreements program), without any real protection from dumping which a differential in price between home market and export prices classically entails.

FOR RELEASE
Monday
March 20, 1967
for p.m.'s

WASHINGTON -- House Republicans today asked President Johnson to send Congress the long secret Tariff Commission report on dairy imports which the Commission submitted to the President 10 months ago.

In their letter to the President, the 49 House members quoted a statement by the President on March 9th saying "The Tariff Commission plays a key role in safeguarding the nation's economic vitality. . . the Commission reports to Congress and the President concerning the effect of imports on our domestic industries and our workers."

The GOP members pointed out that last year the President exercised his emergency authority to increase dairy imports for the balance of quota year 1966. At that time he also asked the Tariff Commission to report to him on the feasibility of a further increase in dairy imports.

The Republicans said they were now writing Johnson "because we are concerned about safeguarding the nation's economic vitality, and because the Tariff Commission's report on the vital subject of dairy imports has not been forthcoming."

In the calendar year 1966, imports of milk equivalent increased by 300 per cent (900 million pounds to 2.7 billion) over the preceding year. Because of loopholes in the quota law, the United States is importing 12 times as much milk equivalent as is allowable under present quotas. Other agriculture products from foreign countries are also flooding the domestic market.

Congressional concern over rising dairy imports has resulted in 48 House bills and 42 co-sponsors to a Senate bill calling for limits in the amount of such imports.

--END--

Attached are the text of the letter to the President and a list of those signing.

FOR RELEASE
Monday
March 20, 1967
for p.m.'s

March 20, 1967

Dear Mr. President:

On March 31, 1966, you took emergency action, under the emergency provision of Section 22 of the Agriculture Adjustment Act, which enlarged the quota for Cheddar-type cheeses from 2,780,100 pounds to 3,706,800 pounds for the quota year ending June 30, 1966.

Also, at your request, the Tariff Commission on April 1, 1966, instituted an investigation to determine, according to its 50th Annual Report, "(1) whether for the current quota year ending June 30, 1966, the then existing quota of 2,780,100 pounds could be increased by 926,700 pounds under an emergency action; (2) whether the quota of 2,780,100 pounds could for an indefinite period be enlarged to 4,005,100 pounds, not more than 2,780,100 pounds of which would be products other than natural Cheddar cheese made from unpasteurized milk and aged not less than 9 months; and (3) whether for the quota year beginning July 1, 1966, and ending June 30, 1967, the quota of 2,780,100 pounds could be increased to 9,565,300 pounds, not more than 8,340,300 pounds of which would be products other than natural Cheddar cheese made from unpastuerized milk and aged not less than 9 months, without rendering or tending to render ineffective or materially interfering with the price-support programs of the Department of Agriculture for milk and butterfat."

The report of the Tariff Commission was submitted to you on May 16, 1966 and a supplementary report submitted to you on June 1, 1966. Unfortunately, the report has not been filed with or made available to Members of the Congress of the United States.

In view of the increase of milk equivalent imports by 300% in 1966 over the previous year and in light of the concern Congress holds for the serious situation that exists with regard to dairy imports, resultint in 48 House bills and 42 co-sponsors to a Senate bill to limit imports, we respectfully urge you to forward this report to Congress.

On March 9, 1967, you released a statement on the reorganization of the Tariff Commission in which you said, "The Tariff Commission plays a key role in safeguarding the nation's economic vitality. It reviews our commercial policies and studies how these policies affect competition between foreign and domestic products. Periodically, after public investigation, the Commission reports to Congress and the President concerning the effect of imports on our domestic industries and our workers."

Because we are concerned about "safeguarding the nation's economic vitality," and because the Tariff Commission's report on the vital subject of dairy imports has not been forthcoming, Mr. President, we write this letter to respectfully urge you to forward that report to Congress with all due speed so that we may effectively study this problem prior to the expiration of the quota year on June 30, 1967.

Respectfully,

FOR RELEASE
Monday
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List of members signing letter to the President.

William A. Steiger
Gerald R. Ford
Melvin R. Laird
Page Belcher
John B. Anderson
Mark Andrews
W. E. Brock
Donald G. Brotzman
Clarence J. Brown, Jr.
Garry Brown
Elford A. Cederberg
Charles E. Chamberlain
Harold R. Collier
William O. Cowger
Robert V. Denney
John J. Duncan
Marvin L. Esch
Edwin D. Eshleman
James Harvey
Edward Hutchinson
Carleton J. King
Thomas S. Kleppe
John Kyl
Odin Langen
Donald E. Lukens
Joseph M. McDade
Robert C. McEwen
Thomas J. Meskill
Robert Price
James H. Quillen
Tom Railsback
Charlotte T. Reid
Ben Reifel
Howard W. Robison
Philip E. Ruppe
Henry C. Schadeberg
William J. Scherle
Fred Schwengel
James V. Smith
M. G. Snyder
Sam Steiger
William C. Wampler
J. Irving Whalley
Larry Winn, Jr.
Louis C. Wyman
Roger H. Zion
John M. Zwach
E. Y. Berry

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Monday
March 20, 1967
for p.m.'s

List of members signing letter to the President.

William A. Steiger
Gerald R. Ford
Melvin R. Laird
Page Belcher
John B. Anderson
Mark Andrews
W. E. Brock
Donald G. Brotzman
Clarence J. Brown, Jr.
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Elford A. Cederberg
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Harold R. Collier
William O. Cowger
Robert V. Denney
John J. Duncan
Marvin L. Esch
Edwin D. Eshleman
James Harvey
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Carleton J. King
Thomas S. Kleppe
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Robert C. McEwen
Thomas J. Meskill
Robert Price
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Tom Railsback
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Ben Reifel
Howard W. Robison
Philip E. Ruppe
Henry C. Schadeberg
William J. Scherle
Fred Schwengel
James V. Smith
M. G. Snyder
Sam Steiger
William C. Wampler
J. Irving Whalley
Larry Winn, Jr.
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John M. Zwach
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FOR THE PRESS

From: John Franklin Carter

Associated Counsel
National Press Building
Phone: 244-3876

FOR IMMEDIATE RELEASE
May 1, 1967

COMMITTEE TO OPPOSE EAST-WEST TRADE ANNOUNCED

WASHINGTON, D. C., April 30--Formation of a nationwide committee of ten million citizens to oppose trade and aid to the Soviet Union was announced today by John Davis Lodge, former Connecticut Governor and American diplomat.

Governor Lodge announced that prominent leaders in the fields of business and industry, labor and education are associating themselves with him on the Board of CEASE (Committee to End Aid to the Soviet Enemy), along with such military leaders as Admiral Arthur W. Radford, former Chairman of the Joint Chiefs of Staff.

In a statement in this connection, Governor Lodge declared:

"At this very moment, American men are being killed and wounded in Viet Nam. They are being killed and wounded by Soviet bullets and explosives fired from Soviet weapons delivered to Viet Nam by Soviet ships and Soviet planes. These weapons are being used against our men by Soviet-inspired and trained terrorists, guerillas and soldiers.

"Concurrently, terrorists are active in the four corners of the world in Soviet-triggered 'wars of national liberation' yet there are those in this country not only trading with the Soviet Bloc, but seeking to expand U. S. trade and aid to Soviet Russia on a massive scale.

"We call upon the President and the Congress to end existing trade and aid, direct and indirect, to the Soviet Union. We call upon the President and Congress to make it clear that we will not help the Soviet Union through trade and aid to achieve its world aims through armed aggression. We speak in the name

(more)

of the millions of American wives, parents and other loved ones of those now fighting and dying in the remote villages, fields and jungles of Viet Nam, and of the minimum of ten million Americans whom we are enlisting actively to aid these fighting men."

Governor Lodge said that CEASE intends to establish Washington offices later this week and to announce soon further details on the organization and its specific plans.

"We are soliciting the signatures of ten million Americans and their active aid and support in this patriotic effort to back up our fighting men," Governor Lodge added. "We anticipate no difficulty in getting these."

Governor Lodge was a member of the 80th and 81st Congresses, serving on the Foreign Relations Committee. He was elected Governor of Connecticut in 1950 and served as Chairman of the New England Governors Conference from 1953 to 1955. He was sent as a special envoy for President Dwight D. Eisenhower to Panama and Costa Rica in 1953 and was named Ambassador to Spain in 1955, a post in which he served through 1960.

A graduate of Middlesex School, Harvard, and the Harvard Law School, Governor Lodge is married and has two daughters.

(Governor Lodge can be reached at Westport, Connecticut.)

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FOR THE SENATE:
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Thomas H. Kuchel of California
Bourke B. Hickenlooper of Iowa
Margaret Chase Smith of Maine
George Murphy of California
Milton R. Young of North Dakota
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The National Chairman Ray C. Bliss

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FOR THE HOUSE OF REPRESENTATIVES:
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John J. Rhodes of Arizona
H. Allen Smith of California
Bob Wilson of California
Charles E. Goodell of New York
Richard H. Poff of Virginia
William C. Cramer of Florida

Press Release

Issued following a
Leadership Meeting

May 25, 1967

STATEMENT BY REPRESENTATIVE FORD: IMMEDIATE RELEASE

Russian guns, Russian bullets, Russian surface-to-air missiles, Russian MIGS, Communist machine guns and Communist mortars continue to kill and maim American fighting men and innocent civilians by the thousands in Viet Nam. Nevertheless, the Johnson-Humphrey Administration continues to urge that we trade with the enemy by "building bridges" between us and these Communist dealers in death.

There may be some who find it wholly consistent that Americans should fight for freedom and survival against Communist aggression on the one hand, while trading and dealing for Communist enrichment on the other. We do not. We will continue to oppose economic aid to an enemy whose global goal is the extinction of freedom.

Trade can be an instrument for world peace but only when applied in the hard-nosed tradition of the Yankee trader, not with the soft-headed hope that it will somehow sway dedicated Communist governments from their stated international goals. The extension of most-favored-nation tariff treatment to Communist East Europe in existing circumstances is unwarranted and unwise.

The reduction of export controls on East-West trade in so-called "non-strategic items" is dangerous, and Congress should carefully review this whole subject. It may well be that present controls should be tightened and certainly they should be more clearly defined by the elected representatives of the people.

Guaranteeing commercial credits to Communist governments is a form of economic foreign aid heretofore reserved for our friends.

(more)

Room S-124 U.S. Capitol—(202) 225-3700
Consultant to the Leadership—John B. Fisher

Such a policy compels our own people, against their will, to encourage and strengthen Communism. It is illogical to do this while committing American lives to a Communist-supported war in Viet Nam.

The May Day order of the day issued by the Soviet Defense Minister, Marshall Andrei Grechko, accused the United States of "hatching sinister plots to spread aggression"in other parts of the world beyond Viet Nam. Anyone who has studied Soviet tactics knows that Moscow always accuses its adversary of doing what the Kremlin itself is plotting to do.

Since last May 1, violence and trouble clearly instigated by Communists have erupted almost on signal in widely scattered parts of the world -- in the Sea of Japan, along the 38th parallel in Korea, in Hongkong, and the Middle East. The open threat of intervention by the Soviet Union to support Nasser's reckless gamble in the Gulf of Aqaba gravely threatens world peace and gives little evidence of any Russian desire for "building bridges" to the Free World.

In my judgment the Soviet bloc has embarked on a bold and concerted effort to divert the attention of the United States and Western Europe from the grim struggle in Southeast Asia at a time when the NATO shield is softer than at any time since it was raised by former Presidents Truman and Eisenhower.

Surely it is no time to woo the Communist world with trade concessions. Let the Soviet Union and Eastern European Communist governments first convince us that they truly seek peace in Viet Nam, the Middle East and elsewhere. Until then we should refuse to be party to any mercenary deals in which the main advantage is with our avowed enemies.

We will support mutually-beneficial, <u>really</u> reciprocal political and economic agreements with Communist governments only when they prove beyond question, as they easily can, that their policies and actions are aimed at lasting peace, honorable settlement of the war in Viet Nam and the crisis in the Middle East, and abandonment of their support for so-called "wars of national liberation" against free and independent peoples.

STATEMENT BY SENATOR DIRKSEN

Have you heard of a single Russian, who was reported as a casualty in Viet Nam? You haven't and you won't. What you see reported are American and South Vietnamese casulties. On May 25th, the U. S. Command reported that total American casulties were in excess of 70,000. This included 10,253 dead. South Vietnamese troop deaths exceed 46,000.

Here is the dreadful, current tabulation of our losses:

U.S. DEATHS		U.S. WOUNDED	
6,235	Army	37,327	Army
307	Navy	1,645	Navy
3,370	Marine	21,283	Marine
341	Air Force	1,170	Air Force
10,253	TOTAL	61,425	TOTAL

Non-combatant
2,058

SOUTH VIET NAM DEATHS
46,626

How were they killed? For the most part by Red Russian weapons and Red Chinese weapons in the hands of the Red Viet Cong. It's that simple. And there are more weapons to come.

Our airmen have shot down 71 Russian-built MIGS. It is estimated that another 350 MIGS are available for replacements. Our military reports that 2,450 Russian-built missiles have been fired at our planes. Tens of thousands of Russian-built and Chinese-built rifles and mortars have been found by our troops in the jungles, fields, and Viet Cong supply dumps. The weapons come from the Russians and their wretched Red allies. The victims of these weapons are young Americans and South Vietnamese. The instruments of death are Red-built. The dead, the amputees, the armless, the legless are Americans and South Vietnamese.

These are the people with whom we are asked to set up a partnership to "build bridges". These are the people to whom we are asked to turn the cheek of compassion and embark on a policy of East-West

(more)

trade. Is trade so sweet and profits so desirable as to be purchased at the price we now pay in death and agony? The volume of trade which might be developed would be a pittance compared with our gross national product. And how durable would such a bridge be when the trade and traffic which flows over it carries the taint of blood?

Whenever the ghastly business in Viet Nam comes to an end and the Reds are prepared to become reliable partners in peace, there will be time enough to talk about "building bridges".

How strange that the Reds are so interested in the American buck that they are ready to venture into the bridge-building business even with Yankee imperialists! We doubt however that the American people are so interested in a few rubles that they are willing to "build bridges" with American credit, American loans, American machine tools when the death cries from Viet Nam ring daily in their ears.

REPUBLICAN NATIONAL COMMITTEE

1625 EYE STREET, NORTHWEST, WASHINGTON, D. C. 20006 NATIONAL 8-6800

NEWS

FOR RELEASE
FRIDAY AM's
March 29, 1968

Republican Coordinating Committee Recommends Congressional Watchdog Group for East-West Trade

The Republican Coordinating Committee recommended today that a Congressional Watchdog Committee be set up to establish more manageable standards for trade with Communist nations in "strategic goods," and to control the manner in which these standards were administered by the executive branch of the Government.

The recommendation was embodied in a report on East-West trade adopted by the Republican policy group, and released today by Republican National Chairman Ray C. Bliss.

On the subject of "strategic goods," the Coordinating Committee said:

"Obviously, the category of 'strategic goods' varies with circumstances which the Executive Branch only partly controls.

"Since very important decisions are made under directives which seem neither clear nor sufficiently articulated, it would be wise to set up a Congressional Watchdog Committee, both to formulate adequate criteria for 'strategic goods', and to control the implementation of these principles."

With regard to East-West trade, the GOP policy-makers submitted these two additional recommendations:

--In negotiating most favored nation treatment with Communist nations, all such nations should be treated as one bloc. A quid pro quo should be demanded in exchange for the most favored nation concession, such as adoption of practices

-MORE-

commonly adhered to in modern international trade, as for example mutual recognition of patents and copyrights, freedom of movement for goods, and establishment of mixed arbitration tribunals. Removal of the most favored nation treatment would be mandatory if a Communist nation refused to conform to these common market practices.

--Payment for goods should be on a strict trade, rather than aid, basis, which in most cases would preclude long-term credits. Payment balances should be adjusted periodically either in gold or hard currencies, and conversion of trade debts into local counterpart funds "should normally be prohibited." Government guarantees to private concerns exporting to Communist countries should be the exception rather than the rule.

The report adopted by the Coordinating Committee was prepared by its Task Force on the Conduct of Foreign Relations, of which former Ambassador Robert C. Hill is Chairman. The basic work involved in the report was done by a subcommitee of the Task Force headed by Gerhart Niemeyer, Professor of Political Science at Notre Dame University.

The Republican policy group pointed out that the designation of commodities as "strategic goods" has varied with administrative policy.

"At one time," the Coordinating Committee said, "we used to put items on the list of 'strategic goods' because they were technologically sophisticated, but that is no longer the case, since very highly developed electronic equipment has been released for sale to Poland, for instance."

The Committee commented that among the considerations governing the "strategic goods" list is whether the Communist bloc can produce a certain product or commodity. If so, the product in practice is removed from the list. The same standard, the Committee added, applies where products or commodities are obtainable from America's allies that have been "more broad-minded" in the handling of the "strategic goods" list.

-MORE-

The Coordinating Committee branded as "fallacious" what it said seems to be the most recent governing criteria in allowing sales of particular "strategic goods" to the Soviet Union and other European Communist regimes, namely, that these are basically or potentially friendly regimes that could be influenced favorably by liberal management of the "strategic goods" restriction.

The GOP policy group said decisions on particular sales to European Communist nations are left to the interpretation of policy by subordinate officials.

The Coordinating Committee pointed out that, since the President and Secretary of State cannot watch over the ways in which policy governing the "strategic goods" list is administered, "the decisive factor is really the impression that subordinate officers have of the drift of our national policy."

Commenting on the peculiar nature of East-West trade, and the tightly-controlled and power-oriented conditions existing under Communist regimes, the Coordinating Committee said such trade "is not necessarily trade in the usual non-political sense of the word."

The Committee added:

"It may be either Cold War strategy, economic aid, conventional aid, or trade under war-time restrictions."

The Coordinating Committee said that under certain circumstances sale of goods to Communist countries becomes aid rather than trade, such as sale of single copies that could be used as prototypes by the Communist nation, the sale of commodities that would overcome an acute shortage created by inefficiency, or the sale of goods on long-term credit or conversion of trade credits into counterpart funds held by the U.S. in local inconvertible currency.

The Committee said:

"Since such sales have suddenly increased under the Johnson-Humphrey Administration's policy of 'bridge-building', one may assume that the underlying intention was, indeed, one of extending economic aid...

-MORE-

"The aid consists in giving the Communists technical and managerial know-how which they lack, helping relieve economic stresses their system has created, and in effect extending them direct grants, because they have neither goods we want in exchange, nor ready reserves of gold or hard currency with which to finance trade.

"Economic aid has been accepted by the American people as part of our foreign policy on the premise that it be used as a means to keep other peoples and countries from going Communist. It started as an anti-Communist Cold War strategem. Extending what now amounts to aid and comfort to our enemies is a wholly different matter."

With regard to most favored nation treatment, the Coordinating Committee recalled that this principle is based on the expectation "that mutually beneficial trade will be promoted and expanded."

"In the case of the Communist countries," the Committee said, "this assumption should be somewhat qualified.

"First, one must remember that these countries have established a very tight and orderly scheme of economic cooperation among themselves, a system in which Soviet planning can assert itself through the great weight of Soviet economic preponderance.

"Second, the Communist-ruled countries, by and large, have not much that we need, but we have much that they need. In other words, the concession of most favored nation treatment to Communist-ruled countries has the character of a considerable advantage to them.

"In return for conceding this treatment to Communist countries, we should seek to obtain a quid pro quo."

The Republican policy group recalled that, as a Cold War weapon, trade with European Communist countries is advocated on the theory that it will wean the other side away from Communism through increased affluence, or deactivate the Iron Curtain by increasing frequency of commercial contacts.

On this point, the Coordinating Committee commented that in a Communist economy private consumption is effectively controlled with a view to giving top priority to power aims of the state.

The Committee said:

"Anybody who has had first-hand experience with the massive power structure of a totalitarian regime is likely to smile at the sanguine hope that something as limited as foreign trade could change the regime against the will of its rulers."

The Committee stressed the importance of the East-West trade issue "because the 'East' consists of countries whose support enables the Vietcong to exact a rising toll of American lives in Vietnam."

"The Russians are boasting," the Committee said, "that 85 per cent of the Vietcong's military supplies come from them and their East European satellites. Poland is levying a 10 per cent surtax on all salaries and wages to finance its aid to our enemies.

"Neither the Congress nor the Administration will find it advantageous, in an election year, to propose increased trade with countries which so openly seek to harm us."

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Adopted by
The Republican Coordinating Committee
December 11, 1967

EAST-WEST TRADE

Prepared under the direction of:
Republican National Committee
Ray C. Bliss, Chairman
1625 Eye Street, N. W.
Washington, D. C. 20006

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Kent B. Crane
Secretary to the Task Force

EAST-WEST TRADE

The issue of East-West trade concerns all Americans today, because the "East" consists of the countries whose support enables the Viet Cong to exact a rising toll of American lives in Vietnam. The Russians are boasting that 85 percent of the Vietcong's military supplies come from them and their East European satellites. Poland is levying a 10 percent surtax on all salaries and wages to finance its aid to our enemies. Neither the Congress nor the Administration will find it advantageous, in an election year, to propose increased trade with countries which so openly seek to harm us.

As long as the East-West trade issue has a relatively low priority, the opportunity presents itself to clarify some of the underlying concepts and principles, and to anticipate some desiderata.

The Nature of East-West Trade.

Trade, the exchange of commodities, is one of the basic institutions of human life. By and large, it has been carried on independently of politics by private persons seeking to gain reciprocal material advantages. For this reason, we tend to associate with the word "trade" the notion of something neutral, peaceful and beneficial, an activity in which everyone may gain and neither side need necessarily lose. This notion has played a large if often subliminal role in the discussion of East-West trade.

In East-West relations, however, certain features deviate from the normal pattern. First, Communists carry on trade only through officials of a political regime whose motive, even in trade, is political and power-oriented. Second, the regimes on the other side are committed to hostility against us, a hostility that aims at the destruction of our entire society. Third, Communist nations have very little, if anything, that we need, while we have very much that they need, not only in commodities, but also in technological and managerial know-how. Fourth, we look upon Communism as a system that will and must pass away, an abnormalcy that some time will yield to normalcy, and much of the discussion about trade has turned on the question whether or not trade can help bring about the desired change.

If one considers these circumstances, it becomes clear that the sale of commodities to the "East" is not necessarily trade in the usual non-political sense of the word. It may be either Cold War strategy, economic aid, conventional aid, or trade under war-time restrictions.

<u>Trade as Cold War Strategy</u>.

If we consider the sale of commodities as a lever to pry the other side away from its commitment to world revolution, we look upon trade as Cold War strategy. The same thing is true if we refuse to sell in order to increase the internal pressures on Communist regimes. The latter, however, is not trade, but the absence of trade. The former is mostly advocated in the hope that the sale of commodities will either:

a) wean the other side away from Communism, through increasing affluence, or

b) de-activate the Iron Curtain through the increasing frequency of commercial contacts.

In this regard, one should note, though, that the amount of private consumption is effectively controlled by the state in a Communist command economy, and that these regimes are committed to give first economic priority to their power purposes. Furthermore, Western trade representatives would enjoy contact only with a few bureaucrats appointed by the Communist Party who are tested for political reliability as well as business competence, and who are subject to removal at a stroke of the pen. Anybody who has had first-hand experience with the massive power structure of a totalitarian regime is likely to smile at the sanguine hope that something as limited as foreign trade could change the regime against the will of its rulers.

<u>When Trade Becomes Aid</u>?

Under certain circumstances the sale of commodities to the Communists is not trade but economic aid, namely:

the sale of single copies, to be used as prototypes by the East;

the sale of commodities that will overcome an acute shortage which the East's own inefficiency has created;

the sale of commodities to the East on long-term credit, or the conversion of trade credits into counterpart funds which the U.S. Government holds in local inconvertible currency.

Since such sales have suddenly increased under the Johnson-Humphrey Administration's policy of "bridge-building," one may assume that the underlying intention was, indeed, one of extending economic aid. Yet, in the case of

Rhodesia, the State Department went so far as to say that all trade was "aid." While it may have been a propagandistic exaggeration, it is obvious that in East-West relations a great deal of trade is actually aid. The aid consists in giving the Communists technical and managerial know-how which they lack, helping relieve economic stresses their system has created, and in effect extending them direct grants, because they have neither goods we want in exchange, nor ready reserves of gold or hard currency with which to finance trade.

Economic aid has been accepted by the American people as part of our foreign policy on the premise that it be used as a means to keep other peoples and countries from going Communist. It started as an anti-Communist Cold War stratagem. Extending what now amounts to aid and comfort to our enemies is a wholly different matter.

Sometimes, East-West trade is advocated as a means to "improve the lot of the subject peoples," which reasoning admits the "aid" character of trade. The argument overlooks, however, that Communist totalitarian regimes have the capacity and the will to decide what the consumer's share of the nation's material goods shall be, and that hitherto such consumption has consistently received a low priority.

Can East-West Trade be Non-political?

Trade as the exchange of commodities with a hope for reciprocal gain of a material kind, is something quite different from either Cold War strategy or economic aid. All the same, in so far as the Cold War has something of the character of war, it is likely to encroach on otherwise unpolitical trade. When a nation is in a state of war, trade with the enemy is prohibited. Some feel that it should be prohibited when war is imminent or the other side's intentions are manifestly hostile. An example was the large sale of scrap iron to Japan on the eve of World War II, a sale which many felt should not have been permitted by the government.

The American Government's Responsibility.

Private persons who have commodities to sell will trade wherever they can; that is their business. In so far as trade is considered undesirable for reasons of national interest, it is up to the government to set up legal barriers against otherwise normal trade activity. In the present situation, the character and extent of these limitations are the real problems of East-West trade, properly speaking:

The prohibitions going under the name of "strategic goods" list;

The exclusion of Communist-ruled nations from "most favored nations clause" treatment;

The subjection of payments in East-West trade to certain credit, currency, or shipping requirements.

RECOMMENDATIONS

A. Strategic Goods List.

The designation of certain commodities as "strategic goods" has been subject to criteria that appeared technical but in reality have varied with administrative policy. Moreover, in the nature of things concrete decisions on particular sales have been left to the interpretation which relatively subordinate officials have given to our policy. Most recently, the governing criteria seems to have been that the Soviet Union is a basically or potentially friendly regime which we could influence in our favor by a very permissive handling of the "strategic goods" restriction, subject to domestic political acceptance. The same idea has been applied to the Communist regimes of East Central European countries. The idea is of course fallacious. It is important to realize, however, that the President or the Secretary of State cannot possibly watch over the concrete ways in which a general policy is implemented on the "strategic goods" list, and that the decisive factor is really the impression that subordinate officers have of the drift of our national policy.

Among the considerations governing the "strategic goods" list is the question whether the other side can or cannot yet produce a certain commodity. Once they begin to produce it, we remove it from the list of "strategic goods." The same goes for commodities which the other side could obtain from our Allies who have been more broadminded in their handling of "strategic goods." At one time we used to put items on the list of "strategic goods" because they were technologically sophisticated, but that is no longer the case, since very highly developed electronic equipment has been released for sale to Poland, for instance.

Obviously, the category of "strategic goods" varies with circumstances which the Executive Branch only partly controls. Since very important decisions are made under directives which seem neither clear nor sufficiently articulated, it would be wise to set up a Congressional Watchdog Committee, both to formulate adequate criteria for "strategic goods," and to control the implementation of these principles.

B. Most Favored Nation Treatment.

The "most favored nations clause" is one of the foundations of modern world trade. Underlying the clause is the expectation that mutually beneficial trade will be promoted and expanded by the institution of the clause.

In the case of the Communist countries, this assumption should be somewhat qualified. First, one must remember that these countries have established a very tight and orderly scheme of economic cooperation among themselves, a system in which Soviet planning can assert itself through the great weight of Soviet economic preponderance. Second, the Communist-ruled countries, by and large, have not much that we need, but we have much that they need. In other words, the concession of most favored nation treatment to Communist-ruled countries has the character of a considerable advantage to them. In return for conceding this treatment to Communist countries, we should seek to obtain a *quid pro quo*. It has been suggested that the opening of trade with Communist nations should be offered as a concession for a political *quid pro quo*, for instance as regards Vietnam. Thus trade would be converted once again into a Cold War weapon, which has its own logic and justification.

Basically, there is no reason why Communist countries should not be included under most favored nations treatment. In negotiating this concession, however, we should

a) treat all members of the COMECON as one bloc;

b) in exchange for most favored nation treatment demand the institution, on their part, of certain practices that are common usage in modern trade, such as mixed arbitral tribunals, freedom of movement, respect for patents and copyrights, and so on;

c) make the lifting of most favored nation treatment mandatory if the State-run trading corporations refuse to conform to these practices of the Western market place.

C. Credit Restrictions.

The financing of payments should be patterned on a strict trade, rather than aid, basis. In most cases this policy would preclude long-term credits. Payment balances should be adjusted periodically either in gold or hard currencies. The conversion of trade debts into local counterpart funds should normally be prohibited.[1/] Government guarantees to private exporters to Communist countries should be the exception rather than the rule.

1/ Even when the United States makes an agreement in good faith expecting Communists to uphold their side, we may be in for a rude awakening. As of January 1967 Poland owed us $30 million due on AID loans from the United States. The Poles were unable to repay us in U.S. dollars or other hard currency, which we had a right to demand under terms of the agreement. So the Johnson-Humphrey Administration agreed to absolve the debt by accepting payment in Polish currency, which is not convertible and must be used by the United States Government inside Poland.

Republican National Committee

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NEWS

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FOR RELEASE
FRIDAY AM's
March 29, 1968

Republican Coordinating Committee Recommends

Congressional Watchdog Group for East-West Trade

The Republican Coordinating Committee recommended today that a Congressional Watchdog Committee be set up to establish more manageable standards for trade with Communist nations in "strategic goods," and to control the manner in which these standards were administered by the executive branch of the Government.

The recommendation was embodied in a report on East-West trade adopted by the Republican policy group, and released today by Republican National Chairman Ray C. Bliss.

On the subject of "strategic goods," the Coordinating Committee said:

"Obviously, the category of 'strategic goods' varies with circumstances which the Executive Branch only partly controls.

"Since very important decisions are made under directives which seem neither clear nor sufficiently articulated, it would be wise to set up a Congressional Watchdog Committee, both to formulate adequate criteria for 'strategic goods', and to control the implementation of these principles."

With regard to East-West trade, the GOP policy-makers submitted these two additional recommendations:

--In negotiating most favored nation treatment with Communist nations, all such nations should be treated as one bloc. A quid pro quo should be demanded in exchange for the most favored nation concession, such as adoption of practices

-MORE-

CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

NEWS RELEASE

November 18, 1969

Comment by Rep. Gerald R. Ford, Republican Leader, U.S. House of Representatives, to be placed in the Congressional Record immediately after the President's Message on trade.

Mr. Speaker: President Nixon has today sent the Congress a Message which reaffirms this Nation's devotion to the principles of free trade. I am pleased that the President has outlined a course which will steer us toward the objectives of freer trade but at the same time shows an awareness of the shoals and sandbars along the way.

I believe the trade policies recommended by the President will be helpful in restoring our Nation to a position of trade surplus. There is no question that movement toward freer trade is necessary if we are to move toward the much-desired goal of a favorable balance of trade.

To that end, I fully support the President's request for authority to make limited tariff reductions. The President has quite accurately stated that lack of authority to make such reductions exposes our exports to foreign retaliation.

The Congress also should give serious consideration to the President's request for elimination of non-tariff barriers to trade. As the President stated, a clear statement of Congressional intent in this regard is needed to achieve the reciprocal lowering of non-tariff trade obstacles.

The President's Message on Trade is a prime example of the balance that President Nixon has brought to our domestic and foreign affairs. I refer particularly to his realistic recommendations regarding aid for industries and individuals adversely affected by increased imports and the need to take effective action in cases where American exports are illegally or unjustly discriminated against.

By and large, the President's trade recommendations commend themselves to the Congress. Prompt action on these recommendations is vital to our Nation's future well-being.

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NEWS RELEASE

FOR RELEASE AT 12 NOON MONDAY, MARCH 6, 1972, AND THEREAFTER

Rep. Gerald R. Ford Monday introduced a bill he believes will create thousands of new jobs by expanding American exports at no cost to the U.S. taxpayer.

The bill would boost American exports by using U.S.-owned foreign currencies to pay foreign import duties charged on American goods and thus make them more competitive in price with European and Japanese goods in foreign markets.

The savings on import duties would have to be passed along to the foreign consumer under terms of the bill. In countries where the U.S. has excess and other foreign currency, foreign buyers could purchase American products duty free under Ford's proposal.

The export-boosting foreign currencies bill has also been introduced by Rep. William S. Moorhead, D-Pa., chairman of the House Foreign Operations and Government Information Subcommittee, and by Rep. William S. Broomfield, R-Mich., a senior member of the House Foreign Affairs Committee. The bill has been sent to the Foreign Affairs Committee. It is co-sponsored by 15 Democrats and 14 Republicans.

Ford said the plan has the longrange potential of creating 125,000 new jobs, according to international trade and finance experts in the Library of Congress. The experts base this estimate on information obtained from the U.S. Labor and Treasury Departments.

Ford said his bill would not cost the American taxpayer a penny and would make money for the U.S. Treasury.

He pointed out that the U.S. currently owns and is owed vast amounts of foreign currencies. America holds more than $2 billion in such currencies. Another $6 billion in foreign currencies is owed to the U.S. and is in the process of regular payment. In addition, almost $22 billion in our own currency is owed the U.S. The overall total is roughly $30 billion.

Since foreign import duties average 10 per cent, these funds would finance $300 billion worth of American exports over the coming years if used entirely for foreign duty payments.

Ford also explained how the export-expanding foreign currencies bill would bring money into the U.S. Treasury. Because of the multiplier tax effects when U.S. exports increase, every dollar or its equivalent in foreign currency spent to pay import duties would virtually double U.S. tax income.

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