LEAGUE OF WOMEN VOTERS OF THE UNITED STATES 1730 M STREET, N.W., WASHINGTON, D.C. 20036 — LEAGUE ACTION SERVICE — $7.50 A SESSION

Action Alert

SPOTMASTER ALERT: For latest developments on League issues call Spotmaster (202) 296-0218 from 1 pm on Fridays to 3 pm on Mondays (EST).

June 18, 1979 JUN 28 1979

TO: State and Local Leagues This is going on DPM.

FROM: Ruth J. Hinerfeld, President; Nancy Neuman, Action Chair; and Ruth Robbins, International Relations Chair

RE: MTN: Implementing Legislation

IMMEDIATE ATTENTION

Legislation to implement the package of multilateral trade negotiations (MTN) agreements will be introduced by the Administration the week of June 18. Congressional leadership is aiming to begin House floor action after the July 4th recess (June 29 - July 9). Senate action could come by August 3rd (the beginning of August recess).

Call, write, or mailgram your Members of Congress urging them to support the MTN implementing legislation when it comes to the House and Senate floor. Keep in mind that Members will be home during the July recess. The League of Women Voters believes passage of this trade liberalization bill is in the economic and political interests of the United States, because it will promote economic development at home and abroad, expand consumer choice, and further advance political harmony among nations.

Implementation of the MTN agreements offers this country an opportunity to contain and control the nontariff barriers that present the most significant restraints to international trade today: customs valuation procedures and licensing requirements will be made uniform; standard setting and government procurement will be opened up, and trade distorting subsidy practices will be restrained. By increasing export opportunities for agricultural and other products, billions of dollars of US goods and services will gain entry to foreign markets. By making possible a greater choice of lower priced goods, US consumers, particularly low income consumers, will benefit.

In your letters and conversations, be sure to add any information you may have concerning your locality's stake in international trade. Please send National any timely information you may receive from your MC's.

BACKGROUND

This round of multilateral trade negotiations, known as the Tokyo Round, is the most comprehensive and far reaching since establishment of the General Agreement on Tariffs and Trade in 1947. During the four years of painstaking negotiations, representatives from nearly 100 countries, accounting for more than 90 percent of world trade, dealt with and came to agreement on some of the most controversial nontariff barriers to trade that exist today. The purpose of these agreements, known as "codes of conduct", is to make international commerce more fair, as well as more accessible for all.

The 1974 Trade Act authorized U.S. participation in the Tokyo Round and established procedures for congressional approval and implementation of the nontariff agreements. (The President has authority to cut tariffs up to 60 percent without further congressional approval.) Once a bill is submitted to Congress by the President, the Trade Act stipulates that it cannot be amended. Both houses will have to vote either up or down, yes or no, on the entire package. For the past four months, the House Ways and Means and Senate Finance Committees have been reviewing the agreements in consultation with the Administration. Their recommendations for implementing the trade agreements have been embodied in the Administration bill.

Elements of the implementing legislation are highlighted in the following summary of the Codes:

SUBSIDIES/COUNTERVAILING DUTIES--Many governments give a fiscal incentive to firms producing for export (an export subsidy) or prop up an "infirm" industry with loans, grants or other fiscal incentives (a domestic subsidy). When these subsidized products are traded internationally, they have an unfair competitive advantage, because their selling price does not reflect true costs of production and marketing. This code will prohibit export subsidies on industrial products, increase discipline on the use of domestic subsidies, and set up rules for countries to take countermeasures against subsidized products that adversely affect their trade.

The new rules on countermeasures will require a significant change in U.S. law. Before levying a countervailing duty on subsidized imports, the U.S. will have to conduct an "injury test," or investigation to determine the existence, degree and effect of the alleged subsidy on domestic industries. To acommodate opponents of this new requirement, the law will set strict time limits on these investigations and permit imposition of a duty in the amount of the entire subsidy rather than a lesser amount that would be sufficient to remove the "cause" of injury.

TECHNICAL BARRIERS TO TRADE (standards)--Product standards, tests and certification systems have been manipulated to discriminate against imports in many markets. This code brings openness and scrutiny to standard-setting and certification procedures, and ensures that certification is applied evenhandedly. (Existing standards and certification procedures will not be subject to the terms of the code, but new and revised ones will be.) U.S. implementing legislation develops these international rights by allowing U.S. exporters to lodge complaints and secure reviews of foreign standards practices that impair their export opportunities. It also provides a full scale review of federal assistance and involvement in the area of standards making and enforcement.

GOVERNMENT PROCUREMENT--Until now, governments have been allowed to discriminate in favor of domestic suppliers for items purchased for government use. This code provides for national treatment and nondiscrimination on government purchases covered by the code. (National security procurements, services and government purchases under agricultural support programs are exempted.) Only those nations that sign the code are eligible to receive its benefits. The U.S. will be required to open its markets to foreign bidders, so federal "Buy America" laws will be repealed through the implementing bill.

IMPORT LICENSING--Products traded internationally are sometimes subject to needless bureaucratic delays as a result of cumbersome import licensing systems. This problem is particularly acute in developing countries. The purpose of this code is to simplify and harmonize to the greatest extent possible the procedures which importers must follow in obtaining an import license, so that such procedures do not constitute an unnecessary obstacle to trade.

League of Women Voters of the United States
1730 M Street, NW
Washington, DC 20036

CUSTOMS VALUATION--Because governments use a wide variety of methods to calculate the value of an import, customs valuation is often an impediment to trade. This code attempts to provide a standard method of determining import duties, thereby protecting an exporter from arbitrary increases in assessed duties. Most duties will now be assessed on an import's transaction value, i.e., the actual amount the importer pays to the exporter. U.S. implementing legislation will simplify and streamline U.S. valuation processes and eliminate the controversial American Selling Price, a method of valuation which sets the value of imported chemicals and some footwear at the American price rather than the products' actual value.

Further, agreements have been negotiated governing international trade in civil aircraft, steel, beef and dairy products, and modernizing GATT rules with respect to anti-dumping, dispute settlement, and the rights and obligations of developing countries. Related changes in U.S. law will be included in the implementing legislation.

Though Congress will not vote on tariff reductions, the agreements reached on agricultural and industrial products are an integral part of the entire package. Negotiators from 22 industrial countries agreed to reduce tariffs by approximately one-third. Agreements involving significant tariff cuts have been concluded with Pakistan, Egypt, and Korea.

Agriculture will benefit significantly from tariff agreements, which would open up new markets for agricultural exports. For example, foreign concessions that have been negotiated would offer increased export opportunities for grain, meat, tobacco, fruits, vegetables and nut exports to Europe, Japan and the less developed countries.

We all know that, in general, international trade benefits the United States. Trade makes it possible for us to have raw materials and manufactured products and in turn enables us to sell our commodities and products abroad, thus creating jobs in export industries. During the past ten years, U.S. exports have more than quadrupled to $143 billion in 1978. We export about 16 percent of everything we grow, manufacture or mine and some 4.3 million American jobs depend on U.S. exports. This growth in trade has been of substantial economic benefit to the U.S., as well as to all trading partners in an increasingly interdependent world economy. Properly implemented and enforced, the multilateral trade agreements can increase the opportunities of all nations, rich and poor, to exchange their goods under equitable conditions.

SOURCE MATERIALS: Look in your files for the following backgrounders on the MTN:

"MTN: Breaking the Nontariff Barrier," LWVEF publication #546, 30¢.

"The Politics of Trade," Winter 1979 VOTER.

LWVUS testimony on the MTN implementing legislation before the House Ways and Means Committee, April 24, 1979.

February, April and June issues of the Report from the Hill.

March 29, 1979

The Honorable John Tower
United States Senate
Washington, D. C. 20510

Dear Senator Tower,

We ask that you consider the League of Women Voters' concerns in the areas of human needs and international relations. We believe that despite the pressure of inflation, a careful review of budget priorities must not overlook the social, political, and humanitarian concerns that can lead to a fair and responsible national budget.

HOUSING
We believe that the budget should be increased to produce at least 400,000 units of Section 8 and public housing with an overall housing budget that will produce 600,000 units of new and rehabilitated housing.

CETA
The League strongly supports full funding for the Public Service Employment (PSE) jobs program and the summer youth program. We urge you to restore the monies to this portion of the budget at the current services level of nearly $6 billion for PSE and $740 million for summer youth jobs.

FOOD STAMPS
We support the $6.9 billion request to fund the food stamp program and the request for removal of the "cap."

FOREIGN ECONOMIC AND FINANCIAL ASSISTANCE
The Budget Committee must hold the line on the President's request for $8.3 billion for FY 1980 Foreign Economic and Financial Assistance. As you know, this includes economic and security-supporting assistance contributions to multilaterial institutions and multilateral development banks, all of which contribute importantly to the overall efforts to improve the quality of life in nations where political, economic, and social problems deprive men, women, and children of even the most basic of human needs: food, shelter, and clothing.

ECONOMIC ASSISTANCE
We also support congressional efforts to reform the trade adjustment assistance program and strongly believe that the additional cost should be

included in the budget. At present, estimates suggest the expenditures should be an additional $116 million. We believe it is a small price to pay for workers and firms in this country who are affected by changing trade patterns.

In addition, we urge you to resist unnecessary funding for tuition tax credits, highway construction, the Clinch River Breeder Project, and demonstration or commercialization projects for non-renewable energy resources.

We appreciate your giving these matters your serious consideration.

Sincerely,

Betty Anderson
President

BA:dc

bcc: B. Anderson
D. Clark
SoO. ✓
LWVUS-LAD

March 29, 1979

The Honorable Jim Mattox
House of Representatives
Washington, D.C. 20515

Dear Mr. Mattox:

As a member of the House Budget Committee, we ask that you consider the League of Women Voters' concerns in the areas of human needs and international relations. We believe that despite the pressure of inflation, a careful review of budget priorities must not overlook the social, political, and humanitarian concerns that can lead to a fair and responsible national budget.

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Sincerely,

Betty Anderson
President

BA:jl

bcc: B. Anderson
P. Wincorn
D. Clark
S.O.
LWVUS-LAD

50

March 29, 1979

The Honorable Jim Wright
House of Representatives
Washington, D.C. 20515

Dear Mr. Wright:

(As a member of the House Budget Committee,) we ask that you consider the League of Women Voters' concerns in the areas of human needs and international relations. We believe that despite the pressure of inflation, a careful review of budget priorities must not overlook the social, political, and humanitarian concerns that can lead to a fair and responsible national budget.

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Sincerely,

Betty Anderson
President

BA:jl

bcc: B. Anderson
(M. McMahan)
D. Clark
S.O.
LWVUS-LAD

JAN 29 1979

League of Women Voters of the United States 1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 296-1770

news release

Contact
Betsy Dribben
Public Relations Director
296-1770 ext. 263

FOR IMMEDIATE RELEASE
THURSDAY, JANUARY 25, 1979

Washington, D.C.--League of Women Voters of the U.S. president Ruth J. Hinerfeld said today that the League expects to give its full support to the Multilateral Trade Negotiations (MTN) when the agreement reaches the Hill in early spring.

In remarks prepared for delivery at the Chamber of Commerce Washington D.C. conference on MTN, Hinerfeld said:

"If the final package measures up to our expectations that it will serve the best interests of this country and its citizens--and we believe it will--the League of Women Voters will support the MTN agreement and its implementing legislation."

Hinerfeld went on to say that the MTN "would be a top priority of the League" and League action would include lobbying Congress, testifying on the Hill and educating the public on the MTN.

In speaking on behalf of the 131,000 member organization which has been at the forefront of liberalizing trade policies for nearly 50 years, Hinerfeld said:

"On the League's scale political and economic interests of the U.S. are best served by a trade policy which paves the way for political harmony among nations, stimulates economic development at home and abroad and expands consumer choice. The hoped for results of the Geneva negotiations will, the League believes, serve these ends."

The League's national president told the audience of more than 400 international lawyers, business representatives, trade association and civic group representatives that the MTN will lay the groundwork "for dealing not only with present trade problems, but also those of the future."

MORE

She said the MTN would:

- provide valuable export opportunities to business and agriculture
- establish a positive alternative to the spectre of trade warfare
- serve as a badly needed escape valve for the pressure of inflation.

She added that the League would also push for "a more effective trade adjustment assistance program" to help those adversely affected by MTN measures. "A good program can provide prompt and effective assistance without damage to our foreign relations and at a lower cost to the economy than import restrictions," Hinerfeld said.

The League president also told those gathered that it was vital that the League, other concerned groups and individuals undertake a political education campaign on the Hill since "nearly half the members of Congress have never voted on any major trade legislation." The League plans to launch this campaign by pushing for approval of the countervailing duty waiver extension bill. She said that effective political education would help offset the strong pressure which is likely to be placed on legislators by those who believe in the quick fix of trade restrictions for present economic difficulties."

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Reporters please note: complete text of speech is attached.

League of Women Voters of the United States 1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 296-1770

news release

Speech by
Ruth J. Hinerfeld, President
League of Women Voters of the U.S.
National Conference on the Multilateral Trade Negotiations
sponsored by the Chamber of Commerce
Washington, D.C.
January 25, 1979

My role as the lead-off speaker on this panel is one that the League of Women Voters has had the courage, the burden, and perhaps the presumption, to play for approximately 50 years. It has always been our role to speak for the national interest on the subject of international trade in the public dialog and in the governmental process whereby US trade policy is formulated. My mission today...the League's mission today...is to weigh the expected results of the MTN on the scale of the general good... the public interest.

On the League's scale, the political and economic interests of this country and of its citizens, collectively and individually, are best served by a trade policy which paves the way for political harmony among nations, economic development at home and abroad and consumer choice.

The hoped-for results of the Geneva negotiations will, the League believes, serve these ends.

The 131,000 members of the League are not experts on customs valuation, subsidies, product standards or particular products or sectors. Living in every state and nearly every Congressional district in the country, we are workers, merchants, professionals, officials, farmers, wives and mothers, husbands and fathers and- like everyone else- consumers.

It was, in fact, during a consumer study of inflation in the late 1920s that the League first became interested in the subject of trade. League members were impressed by the extent to which customs duties and other trade restrictions caused higher prices for the consumer.

That was just the beginning of our involvement in trade issues. Events following passage of the Smoot-Hawley Act in 1930 convinced League members that trade is closely linked with domestic and international politics... Smoot-Hawley's beggar-thy-neighbor policies led other nations to retaliate with similar restrictions, US and world trade shrank to a fraction of what it had been and deteriorating political relations exacerbated the still unhealed wounds of World War I.

Since that time, the League has periodically reexamined the relationship between US trade policies and changing patterns of international commerce, most recently in a study concluded in 1973. Bolstered by these periodic re-evaluations and other studies which yielded positions favoring East-West trade and non-reciprocal trade concessions for developing nations, the League has been at the forefront of every debate on every major piece of trade legislation, always coming out strongly for measures that are trade expansive rather than trade restrictive.

The League vigorously supported the Trade Act of 1974, not because we considered it a flawless piece of legislation, but because we saw it as the only vehicle available through which the United States could play an international role commensurate with its economic position in the world, its longstanding commitment to the expansion of international trade and the leadership role it would have to assume to staunch the worldwide proliferation of protectionist practices. In that Act, Congress gave the President not only the authority to negotiate tariff reductions, but, also for the first time, authority to deal with non-tariff barriers and other unfair trade practices.

The results of that negotiating authority are now emerging in the agreements that have been painstakingly hammered out in Geneva. Many fine points remain to be settled; and the League of Women Voters, like all of you, is eagerly awaiting the final package. If, as I have said, that final package measures up to our expectation that it will serve the best interests of this country and its citizens - and we believe it will - the LWV will support the MTN agreement and its implementing legislation. We shall, as we have done so often in the past, testify on its behalf, lobby the Congress, educate the public and develop community support. It will be a top priority for the League.

The results of the MTN may not be perfect. The product of negotiations among 98 nations, each with special interests and needs, rarely is. However, MTN negotiators have made headway on problems that previous generations of negotiators failed to resolve...or even tackle. And our own negotiating team, led by Amb. Strauss, exercised the initiative and tenacity which were, in no small part, responsible for this outcome.

In addition to the forthcoming agreement on tariff reductions, the Geneva package will offer us, for the first time, an opportunity to contain and control the non-tariff barriers that present the most significant restraints to international trade today. What we know of the codes on subsidies, safeguards, standards, customs valuation and government procurement indicates that the US has much to gain. Customs valuation procedures and licensing requirement will be made more uniform, standard-setting and government procurement procedures will be opened up, and trade-distorting subsidy practices will be restrained.

By increasing export opportunities for agricultural and other products, billions of dollars of US goods and services will gain entry to foreign markets. By making possible a greater choice and lower priced goods, US consumers, particularly low income consumers, will benefit.

By developing an improved, workable mechanism for information sharing, consultation and dispute settlement, and by establishing rules for trade that can be impartially monitored and resolved, the MTN will have laid the groundwork for dealing not only with present problems, but those of the future as well.

By providing a positive alternative to the spectre of trade warfare and international economic chaos; by encouraging the shift of resources to the most dynamic sectors of the economy; by formalizing special concessions to developing countries which are and must be increasingly significant trading partners; and by permitting the import competition that is badly needed as an escape valve to the pressures of inflation that afflict us all, the MTN agreement will, in the League's view, be solidly in the public interest.

This is not to say that everyone will benefit. We know there will be workers, firms, industries and communities that are adversely affected. Because we are fair trade realists, not free trade idealists, the League recognizes that selective, temporary safeguards may be necessary to allow industries severely injured by a rapid influx of imports the time to adjust.

More importantly, the League believes that no single group of workers or sector of our economy should be made to pay the costs of trade policies which benefit the nation as a whole. We believe that a more effective adjustment assistance program is the keystone of a policy that promotes trade expansion. We believe, too, that a good program should and could provide prompt and effective assistance without damage to our foreign relations and at a lower cost to the economy than import restrictions.

And, in this next session of Congress, we will continue to press for improvement in the present program.

There are, however, affected industries- large and small, concentrated in certain geographical regions or spread widely through the US- as well as many members of the public for whom the quick fix of sweeping protectionism is a more acceptable solution to import competition. Their influence on the members of Congress will be hard to overcome, as evidenced by last session's vote on the Hollings amendment to exclude textile tariffs from the negotiating process.

When the 96th session of Congress begins its consideration of the proposed trade agreement, it will weigh--as it should--many competing interests.

Members of Congress need to know the facts about trade in general, and the MTN in particular. They need to understand that international trade policy should be based on the public interest, not on special or sectional interests. They need to realize how vital the MTN agreement is to the US. When one considers that close to half the members of this Congress have never voted on any major trade legislation, and that the discipline of political party and the congressional system can no longer be counted on, it is obvious that there's a need for a major political education campaign...a campaign starting with the countervailing duty waiver extension bill, which will be the first test--and, if it is not passed, probably the only test--of Congressional will on the MTN agreement.

The League will work hard to inform and persuade members of the public and the Congress. Amb. Strauss will work hard to persuade and convince the public and Congress. So will many of you. But we cannot do it alone. We will need all the allies we can get: the farmers who export one-third of their crops, that one-sixth of the American workforce whose jobs are export-related, consumers looking for their shrunken dollar's worth, all those who recognize that a strengthened framework for international trade translates into economic growth and greater political stability.

In the trade campaign that lies ahead, we will need all who believe, as the League believes, that the MTN agreement will, when completed, serve the public interest of the United States, and serve it well.

# # #

LLOYD BENTSEN
TEXAS

International Relations

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COMMITTEES:
FINANCE
ENVIRONMENT AND PUBLIC WORKS
JOINT ECONOMIC

United States Senate

WASHINGTON, D.C. 20510

October 6, 1978

Mrs. Betty Anderson
President
League of Women Voters
1212 Guadalupe, Suite 109
Austin, Texas 78701

Dear Mrs. Anderson:

Thank you for your correspondence regarding the Foreign Assistance Appropriations bill.

You will be pleased to know that I supported full funding and unrestricted participation in the international financial institutions during Senate consideration of the Foreign Assistance Appropriations bill. During its consideration of the measure, the Senate voted to delete House language imposing across-the-board foreign aid cuts. As you may be aware, I voted in favor of the bill as amended by the Senate.

Again, I appreciate your taking the time to contact me.

Sincerely,

Lloyd Bentsen

Lloyd Bentsen

JUL 6 1978

COPY

3 July 1978

The Honorable Lloyd Bentsen
United States Senate
Washington, D. C. 20510

Dear Senator Bentsen:

The League of Women Voters of Texas urges your support of HR 12931 as reported from the House Appropriations Committee. We also urge you to oppose any funding reductions.

We do not believe that the vote on Proposition 13 in California should be construed to be a signal for indiscriminate program reductions. It was a vote against high property taxes; it was not a referendum on development aid.

The economic benefits the United States derives are many, including:

- U.S. businesses benefit from procurement contracts received;
- 40% of our manufactured exports go to the less developed countries;
- the health of the U.S. economy increasingly depends on the health of other nations' economies.

Thank you for giving this your serious consideration.

Sincerely,

Betty Anderson, President
LWV of Texas

bcc: LAD
State Office
Wilbur
Kyre

Similar letter to Sen. J. Tower

when powerful special interests gang up on Washington to lobby for protection from imports

WHO LOOKS OUT FOR YOU, THE CONSUMER?

CWT, Consumers for World Trade, is *your* voice in Washington and across the country, representing *your* interests in stable prices, free consumer choice, free and fair world trade, and a strong, productive and internationally competitive American economy.

CWT looks out for the most important "interest group" in the nation—the more than 200 million consumers, who make the American economy work.

CWT challenge

CWT Consumers for World Trade was formed in 1977 by outstanding American economists, trade experts, consumer specialists, civic and political leaders, and legal consultants who share deep concerns about the future of the American economy. Among their concerns are:

1. The need for the American economy to regain a healthy *growth* momentum, at *stable prices,* with *high employment.*
2. The need to maintain the *competitiveness* of American industry in both *domestic* and *world markets.*
3. The need for *all* the world's major industrial and trading powers to work together to meet common challenges of speeding world economic *recovery,* expanding world *trade* and *investment,* managing the world *energy* crisis, creating new *jobs,* halting *inflation.*
4. The folly and danger of trying to accomplish any of the above objectives by *restricting imports* in order to *protect* the U.S. market for American manufacturers—and to protect their power to set whatever prices and wages the traffic will bear in those protected markets.

CWT is concerned because, if powerful and organized interests succeed in lobbying through Congress a *new protectionist trade bill,* the following scenario is almost certain to unfold:

- **Protected prices will mean a new round of inflation which you, the consumer, will have to pay.**

- **Protected markets will limit the consumer's freedom of choice and will remove the vital incentive for American industry to recover its international competitiveness.**
- **Our major trading partners, denied access to the U.S. market, will retaliate by limiting their purchases of U.S. exports, as they are permitted to do under the GATT rules.**
- **As international trade shrinks, millions of jobs which depend on imports *and* exports will be lost in America and throughout the world.**

A Second World Trade War (like the First World Trade War in the early 1930s) can lead in only one direction: contraction of world trade, stagnation of the global economy, soaring unemployment, collapse of the world monetary system, and the worst global depression in history.

CWT response

CWT is looking out for the interests of *all* Americans . . .

as workers, managers, owners, investors, farmers, professionals and tradespeople, as well as consumers

. . . when it speaks up in Washington and across the nation *against* protectionism and *for* free, fair and expanding world trade.

The problems facing the American economy in 1978 are serious, and must be met. Inflation. Quintupled oil prices, and growing dependence on imported oil. Lingering unemployment, despite record growth in new jobs. Inadequate new investment and economic growth. Underutilized and obsolete plants, and fierce international competition. Unmet social needs. Wasted human resources.

But these same problems beset *every* industrialized society on earth. And because these are universal problems, they cannot be solved by piecemeal attempts to protect this or that specific American industry from the real world, or by trying to insulate the United States from the complex interdependent global economy.

Amerioa's economic recovery and future prosperity depend on mutually reinforcing global economic recovery:

- by expanding, not limiting world trade;
- by lowering, not raising barriers to trade;
- by increasing, not cutting back new investment in economic growth;
- by making American industry more efficient and competitive, not by protecting inefficiency, waste and inflated prices and wages at the expense of the American consumer.

Yet international trade must be *fair* as well as open and competitive. In your interests and the national interest, therefore, CWT supports:

- strict U.S. enforcement of laws against foreign dumping (selling in the American market at "less than fair value"—at lower prices than the same products command in the exporter's home market).
- U.S. insistence on free and fair access to foreign markets (trade reciprocity, or the mutual reduction of trade barriers to comparable levels on both sides).
- Strict U.S. enforcement of countervailing duties against foreign export subsidies and other unfair

trade practices—and the corresponding elimination of unfair U.S. barriers, such as "Buy American" laws.

- strengthening of existing U.S. "adjustment assistance" program for import-injured American industries, to help retrain and relocate workers, and encourage plant modernization.

How CWT looks out for your interests

CWT's job, on your behalf, is:

educational
- to improve the understanding of the American public, industry and labor leaders, communications media, and elected leadership, of the nature of the challenges, and the constructive responses which reasonable citizens can and should support.

activist
- to mobilize the power of informed consumer opinion behind enlightened U.S. trade and economic-recovery policies.

membership oriented
- to keep you abreast of latest developments on the trade-and-consumer front in Washington and around the country.
- to inform you of opinion polls and special studies results, and to help you mobilize informed consumer opinion in your area;
- to help you use your voice most effectively, on

behalf of your interests as a consumer, with your elected representatives in your state legislature and in Congress;

- to solicit, respond to and reflect your views while carrying out CWT educational and activist programs.

To be effective on your behalf, CWT needs your support and active participation. Here's what CWT wants *you* to do:

- Join CWT. Tear off the end panel of this booklet, fill it out, and mail it in an envelope with your check or money order for $10 to CWT. This will make you a Member of CWT, with a voice in Washington.
- Write for more free copies of this booklet for distribution among concerned friends, coworkers, members of your church and clubs, etc. Encourage others to join CWT.
- Read the monthly CWT NEWSLETTER, which you will receive as a member, and share it with others. Use ballots which will appear from time to time in the CWT NEWSLETTER to express your opinions and to cast your vote on CWT affairs, including electing new Directors.
- Do your part as a CWT member in your own community by educating and informing your friends, speaking out on trade and consumer issues in local forums, voicing your views on pending legislation to your Senators and Congressmen, writing letters to the editor of your local newspaper, introducing resolutions before public affairs organizations of which you are a member.

MEMBERSHIP APPLICATION

Consumers for World Trade
Dupont Circle Building, Room 425A
1346 Connecticut Avenue, N.W.
Washington, D.C. 20036

Yes, I want my voice to be heard in Washington and across the country, as a consumer and a concerned citizen. I care about halting inflation, preserving my free choice as a consumer, and seeing the United States recover its competitiveness and prosperity in a healthy and expanding global economy.

I support enlightened U.S. economic policies for recovery and trade expansion.

Enclosed is my check (or money order), payable to CWT, for $10.00. I understand this fee covers my membership for a full year in Consumers for World Trade, and that it entitles me to receive the monthly CWT NEWSLETTER and other publications, alerts, and benefits provided by CWT, as well as a vote on membership affairs.

Date: _____

Consumer Organization Affiliation? _____
(optional)

Telephone: _____
☐ business ☐ residence

Signed: _____

Print name: _____

Address: _____

_____
(city, state, zip)

P.S. Please send me without charge _____ copies of the brochure "Who Looks Out for You, the Consumer" for distribution to other interested consumers.

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CWT Consumers for World Trade is incorporated in the District of Columbia. For the greatest flexibility in representing your interests, CWT has applied for classification as a tax-exempt civic league, under Sec. 501 (c) 4 of the Internal Revenue Code. Your membership fee is therefore *not* tax deductible.

Q & A for the informed consumer

Here are some perfectly legitimate questions which thoughtful people raise about trade, together with capsule answers in layman's language.

Q: **Shouldn't our big trading partners be made to reduce their tariffs and other import barriers so their markets will be as accessible to imports as ours is?**

A: Tariffs have *already* been reduced, under U.S. leadership, by all the major trading countries, to approximately equal levels. Nontariff barriers (quotas, "voluntary" export restraints, food and drug regulations, etc.) have expanded in the meantime. (The United States has nontariff barriers too.) Multilateral trade negotiations under way in Geneva are aimed at further, reciprocal reductions in both the remaining tariff barriers and nontariff barriers. (Again, U.S. leadership is being watched carefully, since any rise in U.S. protectionism would quickly sabotage the Geneva trade-liberalization talks).

Q: **Isn't trade protection justified whenever lower-cost imports drive American producers out of business, and destroy American jobs?**

A: It isn't that simple. Historically, competition—whether domestic or foreign—has stimulated economic innovation and progress, and the more ef-

ficient allocation of capital, labor and other resources. Free and fair competition is still the most effective way to keep prices stable, and to force inefficient producers either to become more competitive or to shift to other products which they can market more efficiently. Remember, the consumer benefits whenever anyone turns out the same product cheaper, or a better product for the same money—or an entirely new and useful product, as a result of competition in the market place. That's the principle behind a free-enterprise or market economy, and it works pretty well as long as the competition is fair and the economies involved are healthy, expanding and capable of adjusting to change.

Q: **What about foreign competition under *present* economic conditions of high unemployment?**

A: That's a tougher decision. Under present abnormal conditions, a rapid expansion of imports can disrupt vulnerable sectors of the U.S. market. This happened recently in steel and color TVs. The solution was to negotiate *limited, temporary agreements* with our European and Japanese trading partners to restrain their exports until the American producers catch up competitively. In the long run, however, American consumers have the right to expect these vulnerable American manufacturers to overcome their inefficiencies (such as obsolete open-hearth steel furnaces and costly assembly lines) and to earn their own way in domestic and world competition. That's the historic American solution.

Q: **But aren't a lot of foreign products "dumped" in the U.S. market at less-**

than-fair prices?

A: No. The United States has the toughest antidumping law in the world. If foreign dumping does occur, and the American competitor can prove injury, the "dumper" faces stiff penalties. Strict enforcement of antidumping laws is, of course, necessary and proper.

Q: **How can import competition really be "fair," when American workers earn the highest wages in the world? Don't cheap wages give all other countries an unfair advantage?**

A: In the first place, the wage gap between America and both Western Europe and Japan has been narrowing very rapidly in the last decade. Narrowness of the gap is reflected in depreciation of the dollar among world currencies. Second, wage costs are less important in world trade competition than unit costs, which depend on *productivity per worker.* In the past, the United States led the world in industrial competitiveness because American workers outproduced the rest of the world across the board. This is still true in agriculture and many—but not all—manufacturing industries. To a great extent, the foreign competition that is hurting American manufacturers and workers is in those manufacturing sectors where U.S. productivity has been slipping, and output per worker is falling behind more efficient foreign producers. U.S. Government data, as well as private U.S. studies, show that this is clearly the case in, for example, steel. The Japanese steel industry has for more than a decade been closing down obsolete plants, forcing inefficient producers out of business, and investing in what is technologically the most

modern and competitive steel industry in the world. To catch up, the American steel industry will have to make comparable investments and go through a similar shakedown—with or without taxpayer subsidy.

Q: **Can the United States afford continuing, huge deficits in its international trade, such as last year's $27 billion?**

A: No, but neither can we afford to cut that deficit by slashing imports from our principal trading partners, who are also our closest allies. The biggest single source of the U.S. trade deficit in 1977 was the $45 billion we spent to buy nearly 50 percent of the oil we use. If those oil purchases could have been held to the same level as five years ago, America would have had a trade *surplus* in 1977. Obviously the biggest contribution to a favorable U.S. trade balance would be an effective energy-conservation program and the early development of alternative energy sources. Another big contribution would be to strengthen the international competitiveness of U.S. industry, and raise the level of U.S. exports closer to our import levels. This would also serve as a major stimulus to U.S. and world economic recovery, and take most of the wind out of the protectionist's sails.

The United States faces few serious problems, domestic or foreign, that would not be greatly eased by a shared, worldwide economic recovery, based on expanding global trade and investment.

Consumers for World Trade
Dupont Circle Building, Room 425A
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when powerful special interests gang up on Washington to lobby for protection from imports

WHO LOOKS OUT FOR YOU, THE CONSUMER?

CWT, Consumers for World Trade, is *your* voice in Washington and across the country, representing *your* interests in stable prices, free consumer choice, free and fair world trade, and a strong, productive and internationally competitive American economy.

CWT looks out for the most important "interest group" in the nation—the more than 200 million consumers, who make the American economy work.

CWT challenge

CWT Consumers for World Trade was formed in 1977 by outstanding American economists, trade experts, consumer specialists, civic and political leaders, and legal consultants who share deep concerns about the future of the American economy. Among their concerns are:

1. The need for the American economy to regain a healthy *growth* momentum, at *stable prices,* with *high employment.*
2. The need to maintain the *competitiveness* of American industry in both *domestic* and *world markets.*
3. The need for *all* the world's major industrial and trading powers to work together to meet common challenges of speeding world economic *recovery,* expanding world *trade* and *investment,* managing the world *energy* crisis, creating new *jobs,* halting *inflation.*
4. The folly and danger of trying to accomplish any of the above objectives by *restricting imports* in order to *protect* the U.S. market for American manufacturers—and to protect their power to set whatever prices and wages the traffic will bear in those protected markets.

CWT is concerned because, if powerful and organized interests succeed in lobbying through Congress a *new protectionist trade bill,* the following scenario is almost certain to unfold:

- **Protected prices will mean a new round of inflation which you, the consumer, will have to pay.**

- **Protected markets will limit the consumer's freedom of choice and will remove the vital incentive for American industry to recover its international competitiveness.**
- **Our major trading partners, denied access to the U.S. market, will retaliate by limiting their purchases of U.S. exports, as they are permitted to do under the GATT rules.**
- **As international trade shrinks, millions of jobs which depend on imports *and* exports will be lost in America and throughout the world.**

A Second World Trade War (like the First World Trade War in the early 1930s) can lead in only one direction: contraction of world trade, stagnation of the global economy, soaring unemployment, collapse of the world monetary system, and the worst global depression in history.

CWT response

CWT is looking out for the interests of *all* Americans . . .

as workers, managers, owners, investors, farmers, professionals and tradespeople, as well as consumers

. . . when it speaks up in Washington and across the nation *against* protectionism and *for* free, fair and expanding world trade.

The problems facing the American economy in 1978 are serious, and must be met. Inflation. Quintupled oil prices, and growing dependence on imported oil. Lingering unemployment, despite record growth in new jobs. Inadequate new investment and economic growth. Underutilized and obsolete plants, and fierce international competition. Unmet social needs. Wasted human resources.

But these same problems beset *every* industrialized society on earth. And because these are universal problems, they cannot be solved by piecemeal attempts to protect this or that specific American industry from the real world, or by trying to insulate the United States from the complex interdependent global economy.

Amerioa's economic recovery and future prosperity depend on mutually reinforcing global economic recovery:

- by expanding, not limiting world trade;
- by lowering, not raising barriers to trade;
- by increasing, not cutting back new investment in economic growth;
- by making American industry more efficient and competitive, not by protecting inefficiency, waste and inflated prices and wages at the expense of the American consumer.

Yet international trade must be *fair* as well as open and competitive. In your interests and the national interest, therefore, CWT supports:

- strict U.S. enforcement of laws against foreign dumping (selling in the American market at "less than fair value"—at lower prices than the same products command in the exporter's home market).
- U.S. insistence on free and fair access to foreign markets (trade reciprocity, or the mutual reduction of trade barriers to comparable levels on both sides).
- Strict U.S. enforcement of countervailing duties against foreign export subsidies and other unfair

trade practices—and the corresponding elimination of unfair U.S. barriers, such as "Buy American" laws.

- strengthening of existing U.S. "adjustment assistance" program for import-injured American industries, to help retrain and relocate workers, and encourage plant modernization.

How CWT looks out for your interests

CWT's job, on your behalf, is:

educational
- to improve the understanding of the American public, industry and labor leaders, communications media, and elected leadership, of the nature of the challenges, and the constructive responses which reasonable citizens can and should support.

activist
- to mobilize the power of informed consumer opinion behind enlightened U.S. trade and economic-recovery policies.

membership oriented
- to keep you abreast of latest developments on the trade-and-consumer front in Washington and around the country.
- to inform you of opinion polls and special studies results, and to help you mobilize informed consumer opinion in your area;
- to help you use your voice most effectively, on

behalf of your interests as a consumer, with your elected representatives in your state legislature and in Congress;

- to solicit, respond to and reflect your views while carrying out CWT educational and activist programs.

To be effective on your behalf, CWT needs your support and active participation. Here's what CWT wants *you* to do:

- Join CWT. Tear off the end panel of this booklet, fill it out, and mail it in an envelope with your check or money order for $10 to CWT. This will make you a Member of CWT, with a voice in Washington.
- Write for more free copies of this booklet for distribution among concerned friends, coworkers, members of your church and clubs, etc. Encourage others to join CWT.
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Telephone (202) 785-4835

League of Women Voters of the United States 1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 296-1770

memorandum

FEB 27 1978

February 22, 1978

TO: State League Presidents

FROM: Ruth Robbins

RE: Consumers for World Trade

Enclosed are ten copies of a flyer about a new organization which has been formed to promote the interests of consumers in international trade issues. Consumers for World Trade (CWT) will work with the League to support the reduction of trade barriers that cause higher prices, strengthened trade adjustment assistance programs for workers and industries hurt by imports, and expanded world trade. Membership cost is $10 annually, which includes the monthly newsletter.

In my February 10 memo to state and local League presidents that accompanied the new LWVEF trade publication, The Continuing Crisis in Trade, I told Leagues about the formation of CWT and said we would send sample copies of their pamphlet to state Leagues. Additional copies are available from CWT at: Dupont Circle Building
Room 425A
1346 Connecticut Ave., N.W.
Washington, D.C. 20036

MAY 30 1978

Jan W. is to write Senators She has copies

LEAGUE OF WOMEN VOTERS OF TEXAS

The Penthouse, Suite 109, 1212 Guadalupe, Austin, Texas 78701

[redacted]

26 May 1978

The Honorable George Mahon
House of Representatives
Washington, D. C. 20515

Dear Mr. Mahon:

As you know International Relations and foreign aid have been long-standing concerns of the League of Women Voters. In the forthcoming deliberations, we urge that you:

. oppose the Young and Moore restrictive amendments
. retain the funding levels set by the Subcommittee.

We oppose the restrictive amendments for the following reasons:

- they threaten the basis of multilateral copperationg
- Development banks are an important and a proven mechanism for development
- the multilateral framework diffuses political considerations
- restrictive commodity amendments are both harmful and redundant.

Also, the United States benefits from the International Financial Institutions because of procurement contracts U.S. businesses receive from the banks.

Thank you for giving these concerns your consideration.

Sincerely,

Betty Anderson, Pres. LWV-Texas

P.S. Give Dorothy Rylander my best wishes.

bcc: LAD
✓SO
Wilbur
LWV Lubbock

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES 1730 M STREET, N.W., WASHINGTON, D.C. 20036 — LEAGUE ACTION SERVICE — $7.50 A SESSION

Action Alert

MAY 26 1978

May 22, 1978

TO: State League Presidents and IR Chairs

FROM: Ruth Hinerfeld, President; Nancy Neuman, Action Chair and Ruth Robbins, IR Chair

RE: Floor Action on the Foreign Aid FY'79 Appropriations Bill

House floor action on the FY'79 foreign aid appropriations bill (no bill number yet) is scheduled for either the end of the week of June 5 or late the following week. The Subcommittee on Foreign Operations marked up the bill on May 9; the full Appropriations Committee is scheduled to mark up on May 25. The bill includes funding for the multilateral (International Financial Institutions and UN programs) and bilateral development assistance programs. The Senate will begin consideration of the bill shortly after the House concludes floor action.

This ACTION ALERT is being sent to state Presidents and state IR chairs only. But as you can see, the immediate target for action is the entire House floor. So, we encourage you to contact interested Leagues throughout your state to alert them to this action opportunity.

Background: As Leagues will recall, the International Financial Institutions, or the development banks as they're often called, are divided into two types of organizations. The "hard loan" windows (such as the World Bank) provide loans to developing nations at a near-market rate of interest. Currently the interest rate of the World Bank is 8.2%. The World Bank's corresponding "soft loan" window (the International Development Association) provides loans to the poorest less-developed countries (LDCs) at a 0.75% rate of interest to cover administrative costs. Countries that are eligible for IDA loans typically have a per capita income of less than $520 a year. To receive a loan from either window of the development bank a project must be received and approved by the bank and the country must be a member of the bank.

The development banks to which the U.S. contributes are:

Hard Loan	Soft Loan
World Bank (the formal name is the Int'l Bank for Reconstruction and Development)	International Development Association (IDA)
Inter-American Development Bank (IDB)	Fund for Special Operations (FSO)

Hard Loan	Soft Loan
Asian Development Bank (ADB)	Asian Development Fund (ADF) African Development Fund (AfDF)

The banks were established by charters and countries join the banks by signing charter agreements. In the case of the U.S., the Senate ratified treaties in order to become a member of the various banks. Each member country has a representative on the governing body of the banks to which it is a member. In general, countries have voting power corresponding to that amount of money they contribute. However, by signing the charter, countries agree to abide by the rules and regulations set forth by the charter. That is to say, a country can vote against a loan going for a specific purpose it opposes, but no country can condition the use of its contributions as a prerequisite to making funds available.

Countries negotiate their levels of contributions at replenishment negotiations. On the average the U.S. contributes about 25 % of the total for all banks. In the U.S. such commitments are subject to the authorizing and appropriating processes of Congress.

Following the pattern set last year, the issues this year will be adequate funding levels and amendments tying the use of funds for political or trade-related reasons (restrictive amendments).

Funding Levels: After hearing Chairman Long's (D MD) recommendation for funding of the International Financial Institutions, the Subcommittee accepted a substitute amendment offered by Rep. Dave Obey (D WI). The Obey substitute, while not providing full funding, provides levels substantially higher than those proposed by Chairman Long. The Subcommittee level for all the IFIs is about $2.692 billion. This amount is $823 million below the budget request of $3.515 billion.

Restrictive Amendments: As one way of making its mark on foreign policy issues, Congress has increasingly turned to placing restrictions on the use of U.S. foreign aid, both military and development assistance. In the past, most of the restrictions were placed on bilateral aid, although congressional guidelines on U.S. participation in multilateral organizations have at times been adopted.

Last year, the House overwhelmingly adopted two amendments to the appropriations bill, which, had they been enacted, would have precluded the development banks from accepting U.S. funds. (The amendments were dropped in the conference committee). The Young Amendment introduced by Rep. Bill Young (R FL) stipulated that no U.S. funds could be used directly (bilaterally) or indirectly (multilaterally) for projects in selected countries: Vietnam, Cambodia, Laos,Uganda, Mozambique, Angola and Cuba. The Moore Amendment introduced by Rep. Henson Moore (R LA) placed the same conditions on projects that were intended to produce palm oil, citrus and sugar.

As stated above, no country can condition the use of its contributions as such arrangements violate the banks' charters and the banks must refuse the funds. A precedent for the refusal of conditioned contributions was set in 1975 when the IDB refused to accept a portion of the U.S. contribution that had been earmarked by Congress to be used for lending to intermediary lending institutions within a recipient country. Moreover, the banks have repeatedly stated that they cannot accept such funds and the Congressional Research Service also reached the same conclusion.

What You Can Do

Write to your House and Senate delegations stating opposition to the Young and Moore restrictive amendments. (We expect them to be offered in the House either at the full Committee level or on the floor). Say that they threaten the very basis of multilateral cooperation by attempting to impose unilateral conditions on multilateral organizations. Say that the development banks are an important and a proven mechanism for development. The banks complement our own bilateral development programs, distribute the development task among donor nations and encourage donor and recipient country cooperation. Most important, the multilateral framework is one which diffuses political considerations and thus the IFIs can provide development assistance on a non-political basis.

The Moore commodity amendment is a protectionist measure that would inhibit the very development the U.S. supports by participating in the banks. LDCs must earn foreign exchange to pay for their imports (many of which are from the U.S. : in fact, 40% of U.S. exports go the the LDCs). To do this, they must produce commodities to sell on the world market. Thus, restricting commodity production restricts development. Point out that the IFI authorizing bill passed last year and which remains in effect for the next three years, already commits the U.S. to vote against loans for commodity production when the commodities are for export, compete with U.S. domestic commodities wnd would cause substantial injury to domestic producers. (Leagues will recall that although this language did appear in the authorizing bill last year, a compromise still had to be worked out to ensure passage of the appropriations bill. The compromise was in the form of a letter President Carter sent to Chairman Long pledging to instruct U.S. representatives to the banks to vote against loans for the production of palm oil, citrus and sugar. The letter is to be in effect for FY'78 only. But the wording in the authorizing bill will remain in effect for FY'79). Point out further that this year the House Foreign Operations Subcommittee adopted similar language in the appropriations bill. This issue has been dealt with extensively; restrictive commodity amendments are not only harmful, they're redundant.

On funding levels the task will be to retain the levels set by the Subcommittee. Contact your member in opposition to further reductions, stressing the benefits the U.S. receives from participating in the IFIs. Point out that the U.S. economy benefits because of procurement contracts U.S. businesses receive from the banks.

March 27, 1978

The Honorable Jim Wright
House of Representatives
Washington, D.C. 20515

Dear Mr. Wright:

The League of Women Voters of Texas urges your support of a Function 150 (the section dealing with foreign affairs spending) spending level which will allow full funding for the nation's economic development programs. Economic development aid is an important aspect of our foreign policy and has been a concern of the League of Women Voters for many years.

It is imperative that less developed countries reach self-sustaining economic growth if they are to meet the hunger crisis in their countries; and if we are to meet our humanitarian obligations, as well as our own long range national interests.

We appreciate your consideration of this important matter in the House Budget Committee.

Sincerely,

Betty Anderson
President

bcc: B. Anderson
Joan Kyre
Jan Wilbur
LWVUS
LWV-Tarrant Co.
S.O.

Similar letter to Omar Burleson & Jim Mattox

March 27, 1978

The Honorable Charles Wilson
House of Representatives
Washington, D.C. 20515

Dear Mr. Wilson:

The League of Women Voters of Texas opposes amendments that would condition the use of United States contributions to the development banks. We oppose the restrictive amendment approach to foreign policy. This type of amendment politicizes a development conduit that was begun as a way to provide aid on a non-political basis. Also, restrictions on commodity products undermine the very purpose of the banks.

We appreciate your consideration of this important matter in the House Subcommittee on Foreign Operations.

Sincerely,

Betty Anderson
President

BA:jl

bcc: B. Anderson
Joan Kyre
Jan Wilbur
LWVUS
LWV-T st. office
Montgomery County State Unit

/R

MAR 22 1978

20 March 1978

Dr. Gordon Ross
Coordinator, Texas China Council
Center for Asian Studies
Speech Building 310
The University of Texas at Austin
Austin, Tx. 78712

Dear Dr. Ross:

Joan Kyre, our state International Relations Chair, has kept me informed regarding the Texas China Council's projected CHINA WATCHER teleplay. The League of Women Voters of Texas is interested in the project and will alert our local Leagues of its availability.

American-Chinese relations has been of concern to the League of Women Voters. It is fortunate that the screenwriters, the Kyres, have worked closely with the China program item in the League in the past. We understand the teleplay's content will allude to the central rather than peripheral foreign policy considerations that sometimes cloud the overall picture.

Our financial condition precludes our contributing to production costs; however, we will notify our local Leagues that the tape will be available for both preview and use, as well as handling the distribution to the Leagues from our state office in Austin.

We are pleased that the TCC is pioneering in the use of newer communications techniques for reaching interested citizens groups.

Sincerely,

bcc: SO
Kyre
Wilburn

Betty Anderson
President

COPY

MAR 1 3 1978

League of Women Voters of the United States 1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 296-1770

memorandum

This will go on DPM

TO: Local and State Leagues Presidents
(Attention: IR Chairmen)

FROM: Ruth Robbins, National IR Chairman

RE: Passage to India and Sri Lanka

WHO? WHAT? WHY?

There is no substitute for face-to-face encounter! I have always had to depend on the written and spoken word to understand how the League's development position addresses the needs and aspirations of the people in developing countries. So, it was with great enthusiasm that I accepted the invitation of the Overseas Development Council (a nonprofit, nongovernmental organization that has done a great deal of research into the problems of Third World nations) to join a group of Americans traveling to India and Sri Lanka (formerly Ceylon). The purpose of the trip, funded by the Charles F. Kettering Foundation, was educational: to give hand-picked Americans, representing different constituencies, an opportunity to talk directly to rural and urban dwellers, laborers, farmers, businessmen, academicians and government officials in both countries.

The American participants were most congenial, as well as dedicated. There was an extra bonus for me: Ruth Hinerfeld was one of the group. The group quickly put to use the discussion skills that LWV members regard as standard equipment, the two "Ruths" serving as discussion leaders and recorders at many of the meetings.

The three week South Asia trip (in October and November, 1977) was part of a larger project--The Transnational Dialogues--which included two other groups visiting West Africa and Latin America. The three groups will meet in Racine, Wisconsin, February 12-15, 1978, to plan follow-up activities.

We had opportunities for dialogues with high government officials, with the man on the street and on the farm, and with American embassy staff in both countries. Meetings and conferences were scheduled everywhere we visited, including ones with Sri Lankan Prime Minister Jayewardene, American Ambassador to Sri Lanka W. Howard Wriggins, and Archer Blood, deputy to American Ambassador Robert F. Goheen (who was out of India at the time).

It wasn't all work. Everywhere there were receptions and dinners in our honor. In New Delhi, we were guests in the homes of Rotarian families and Mr. Blood hosted a cocktail party with Indian government officials and their wives. In Ludhiana, we dined with the Vice Chancellor of the Punjab Agricultural University and others on the faculty; in Anand, with the director of the National Dairy Development Board; in Colombo, with Ambassador Wriggins and other Sri Lankan VIPs; and, another evening, with members of the Marga Institute, a nongovernmental research organization.

The most moving hospitality, however, was the tea offered by the village and city dwellers we spoke to. Indians and Sri Lankans expect guests to partake of food

and it is insulting to refuse. Interesting how even a straight tea drinker gets used to hot tea boiled with milk and lots of sugar.

But these events, pleasant and even moving as they were, were the least of our agenda. Our only scheduled sightseeing was a visit to the Taj Mahal. Most days we were on the go for 12 to 16 hours. Any "free" time was spent by the group discussing what we had seen and what our impressions were. The itinerary read like "If it's Tuesday, this must be Belgium." It was all in all an unforgettable experience that could only come once in a lifetime.

NATIONAL PROFILES

The best advice I received before I left for Asia was to look beyond the abject poverty so we could see the potential. Urban and rural decay must be seen in conjunction with urban and rural accomplishments. Development and growth cannot be measured in terms external to the Indian setting; western expectations have no meaning.

In writing this report, I am following those words of advice. Yes, there's poverty; yes, it's bad; no, it is not hopeless. There is a great deal of challenge in what is possible and it is going to take a long time. Thirty to fifty years is much more realistic than five to ten. What follows dwells on the potential; you've already read and heard too much of the despair.

Most impressive in both countries is the vitality of the democratic systems, as was demonstrated in the recent elections. Visiting several months after the defeats of both Mesdames Gandhi of India and Bandaranaike of Sri Lanka made us very aware of the struggle between pressures for change and pressures to protect vested interests. In both countries people vote out governments with whose policies they disagree and freely criticize elected officials and bureaucracy.

Although India and Sri Lanka have many characteristics and problems in common, the countries are so different in size and their problems are so different in magnitude that comparisons are difficult. India, with a population of more than 640 million, is composed of 22 diverse states, each having a great deal of autonomy. Some are relatively well-off; some are incredibly poor. Philosophically and politically they run the gamut from individualistic capitalism with emphasis on economic growth (Punjab) to welfare orientation with emphasis on providing social services (Kerala). They differ culturally, as well; the people of India speak more than 15 different languages. Sri Lanka, on the other hand, with a population of 13½ million, is very homogeneous.

<u>India--In Brief</u> India, which is 80 percent rural and 20 percent urban, rates low on a quality of life index scale. Its people have a life expectancy of 50 years, a literacy rate of 34 percent, and a per capita income of $140 per year. Its death, birth, and infant mortality rates are high. Forty percent of its people are malnourished, living below the poverty level (variously defined as anywhere from $4.50 to $9.00 per month); 10 percent are unemployed, 10 percent are underemployed. The disparities between rich and poor are staggering. The only social service the central/federal Indian government supplies is primary education. It distributes no food to the poor and provides no health services. People in trouble, except in disaster situations such as the recent cyclone, must rely on private charities. The rate of population growth, while down, is still 2.1 percent or 13½ million additional people each year.

India's food problem is as much an income problem as a production problem. Since the only way to get food in India is to grow it or buy it, India has to increase not only its crop yields but also the purchasing power of the poor. Food for which there is no "effective" demand (demand plus the ability to pay) is stored. Ironically, after three good monsoon seasons, India now has 20 million tons of grains in reserve in spite of the fact that 240 million people are malnourished.

The government knows that a successful agricultural strategy must be backed by a high employment strategy. Lowering unemployment and underemployment is a top priority. Recognizing that capital intensive industrialization benefits a smaller fraction of the population, economic development plans now stress job-producing, labor intensive agricultural and industrial technology. Small farms, processing plants in rural communities, cottage industries are being encouraged.

Most Americans "know" India through a few dated stereotypes. It is no longer accurate to characterize it by the words "poverty," "Taj Mahal," "snake charmer." Although a very poor country, India has the world's 10th largest GNP and is one of its leading steel producers. It exports small-scale machinery to other developing countries and has enough scientific and engineering skill to have developed a nuclear bomb. But these two sectors--exports and technology--are successful elements of an otherwise stagnating economy whose economic growth is barely more than its population growth. India, striving for self-sufficiency, discourages imports and therefore boasts a foreign exchange reserve of $4.5 billion.

Sri Lanka--In Brief Sri Lanka, a beautiful island, is predominantly agricultural. Its people have a life expectancy of 68 years; the literacy rate is 81 percent. Its low death, birth and infant mortality rates are comparable to those of the most advanced societies. Its high rank on the quality of life index scale has been achieved in spite of its poverty: a per capita annual income of $130--$10 less than India's. It has narrowed income inequalities so that the top 30 percent is not quite as rich as it once was and the lower 30 percent not quite as poor.

The success of Sri Lanka in meeting basic human needs is due to its opting for distributive justice at the expense of economic growth. Every person in Sri Lanka receives 1.1 pounds of free rice each week and 3.3 pounds at a subsidized price. Health services and free education (primary through college) are provided by the government. Sri Lanka's social performance is considered a "spectacular success," but its economic performance has been called a "dismal failure." It has neglected the processes that encourage savings and investment in the economy and has undermined individual incentive through its schemes of distribution. As a result, Sri Lanka has to import 40 percent of its food; its industrial plant is operating at below 50 percent of its capacity; it has an unemployment rate of 20 percent and an underemployment rate of 20 percent. It supports its social programs through foreign aid. However, its foreign indebtedness has grown so large that its debt payments equal its export earnings.

Many Sri Lankans are beginning to question the social accomplishments which must be seen against a background of considerable poverty. They point to a high degree of malnutrition in spite of the food program. They question what an 81 percent literacy rate means, when 37 percent of the students drop out of school by the end of primary grades (5th) and another 37 percent before the 10th grade.

They question especially the premises of the education system, which is based on the British system, concentrating on academic subjects with practically no vocational training. This has had a negative effect, leading to bitterness and frustration on

the part of the academically-educated youths, for whom there are not enough jobs. It is estimated that half of them are unemployed. Many leave the country, adding to a serious "brain-drain" situation. There is one evident positive effect of education. and that is political awareness. 87 percent of those eligible voted in the last election.

Many Sri Lankans are beginning to ask that more resources be distributed into economic development. They see a basic needs strategy accompanied by an employment strategy as the next stage of development.

DEVELOPMENT

Development can be discussed in terms of four different objectives: GNP growth; self-reliance; employment; distributive justice/basic needs. If we were to rate India and Sri Lanka on each of the four we would say India has been successful in becoming self-reliant; has made too litttle progress in GNP growth; has been a failure in employment and distributive justice. Sri Lanka, on the other hand, has been successful in distributive justice; has failed in GNP growth, employment and self-reliance.

In determining policies and allocations of resources, the four compete and it is often necessary to make hard choices. A country may emphasize one and then another but sooner or later all must be given attention or the system becomes unbalanced.

DEVELOPMENT EFFORTS: INDIA The states of Punjab and Gujarat are the center of agricultural change in India.

Punjab After a three year drought, the first harvest in 1968 brought record-breaking gains in grain production, primarily wheat. This was the beginning of the green revolution which resulted from the use of new varieties of high-yielding seeds, increased fertilizer and irrigating more arable land. The green revolution achieved its greatest success in the Punjab region which showed a three-fold increase over a 10 year period--larger than Taiwan, often regarded as the model agricultural success. This year, for the first time, India is exporting food, much of it from Punjab.

Punjab, known mostly for its wheat production, is also encouraging dairying and animal husbandry. To increase the output of milk, high-producing pregnant cows of various breeds and frozen semen from these breeds have been imported for cross-breeding purposes. Under the auspices of the Punjab Agricultural University, work is also being done to improve the buffalo stock, still the primary source of milk. We visited a dairy farm and a milk processing plant where we tasted various milk products including ice cream. In a country in which there are no roadside eateries, it was fascinating to stop at a milk bar where a sweetened milk is sold. The milk bars have had a tremendous impact on increased milk consumption in the state.

Gujarat Given the unemployment situation in India, what is good for Punjab may not be good for India. Punjab is a state in which the large farm flourishes, labor is imported from neighboring areas and the needs of the small farmer are neglected. It was, therefore, quite exciting when we arrived in Gujarat and saw how the small farmer was the nucleus of a thriving milk industry.

In Gujarat, the villages we visited were inhabited by small farmers, average 2-3 acres, and landless laborers. Most owned 1-3 buffaloes, a few had cows. Small-scale dairying, often referred to as the white revolution, has a vast potential for raising the income of the small farmers, marginal farmers and landless laborers in rural areas--and it is labor-intensive. Milk cooperatives are set up which are owned by farmers and landless laborers themselves.

We visited the Amul milk cooperative in the village of Anand, Kaira District. Milk coops exist in 12 of the 19 districts in Gujarat. The Anand Pattern, practiced in Gujarat, consists of a two-tier structure: cooperative societies in the villages and a union at the district level where the processing of milk products takes place. There are about 250,000 farmers in the more than 800 villages in the Kaira district. A member of the farmer's family, most often a woman, brings the surplus milk to the village collection station twice a day where it is tested for quantity and quality. She is paid for the morning milk when she brings in the evening milk and vice versa, providing the family with a constant source of income. The milk collected in each village is then transported to the district where it is pasteurized and sold as liquid milk. Any unsold milk is converted into butter, a variety of cheeses, milk tablets (sweetened milk concentrate given to children as candy).

We were at the collection station at 8 am to watch farmers or members of their families deliver the milk. We watched the weighing and testing process; and saw them get paid. We spent the day talking to villagers through interpreters, touring the processing plant and tasting its wares. Farmers own shares (5 rupees or 62¢ per share) in the coop and receive up to 9 percent interest per year. If the coop earns more money than expected, the farmer is paid more money for his milk.

The district union, through the village societies, provides at cost a number of technical inputs to enhance milk production. The most important of these are: artificial insemination services, veterinary first aid treatment available in each village, weekly veterinary visits and round the clock emergency health care service; supply of quality seeds and root slips for production of green fodder and supply of balanced cattle feed. (Unfortunately, villagers get more nutritious food and health care for their animals than for htemselves or their children.)

Planning Commission Recommendations Raj Krishna, member of the Indian Planning Commission, talked about the second plan for economic development, which will go into effect April, 1978. It is geared to attack unemployment and poverty.

Agricultural Sector: Prime Minister Desai is emphasizing agricultural output by raising the budget allocation from 22 percent to 40 percent. Unfortunately, the green revolution has begun to peter out. Crop yields are falling and wheat is stabilizing. The green revolution was primarily successful in Punjab; it must be spread to other arable sectors of the country. If India is to increase its output, further technology and research and development in agricultural outputs is needed. Seed quality and varieties must be improved; less expensive fertilizer developed; more land brought under irrigation (only ¼ of the arable land is irrigated); electrical power extended to more villages; two and even three crops a year must be planted. Small farmers (1 to 5 acres) must have access to these inputs plus credit and marketing facilities.

Industrial Sector: Mr. Desai has decided to hold back big industry to build up small and cottage industries that can supply the basic needs of the largely rural population. There will be close control over what can and cannot be produced. Labor-intensive technology will be encouraged; capital-intensive discouraged.

Public Works Program for Landless: A massive public works program to create jobs for the landless unemployed is being developed. Roads, rural electricity, storage facilities, safe drinking water, market facilities are all things that are needed. The government is also experimenting with an employment guarantee plan and a Food for Work program.

Education: Emphasis is to be shifted from higher to primary and secondary education and from arts and sciences to vocational. The present system has created unemployables for there are few jobs for those being educated. In rural areas, girls' education is neglected as most are needed to babysit and work in the home. This, too, is to change.

DEVELOPMENT EFFORTS: SRI LANKA In order to be self-sufficient in food, Sri Lanka has to double its output. Its biggest problem, likeIndia, is lack of irrigated land. Two-thirds of the country lies in the dry zone which needs water for crop growing. And in the wet zone, where rice is grown, the water removes 75 percent of the nitrogen fertilizer which is very expensive to replace. Sri Lankan agronomists estimate the country could grow two rice crops per year and even five crops in two years because it has two monsoon seasons every year. This plus high yield varieties and replacement of fertilizer loss could bring rice self-sufficiency by 1981.

Mahaweli Dam The Mahaweli Ganga (river) Basin Development Program of the government of Sri Lanka is a massive undertaking which will cost an estimated $700 million to $1 billion. This program is designed to bring 900,000 acres under irrigation(600,000 new acres and 300,000 improved acres) to benefit directly over 10 percent of Sri Lanka's population and to enhance their drive for self-sufficiency in food. The program's master plan calls for implementation of the project in stages--each a separate viable unit. The first stage, which has been completed, diverted Mahaweli Ganga water to increase the water supplied to 127,000 acres of existing irrigated land and to irrigate 104,000 acres of new land. We visited the dam and diversionary site, and were told that the next stage will irrigate 87,000 more acres of land, develop it and resettle 28,000 peasant families on it. The Sri Lankan government is hoping to complete the entire project well before the original 30 year timetable.

Sarvodayan Movement The Sarvodayan Movement is an effort to help in the self-development of the villages of Sri Lanka. Twenty years old, it is now in operation in about 1100 villages. We visited the headquarters which house over 300 persons being trained in agriculture, carpentry, metal work, bamboo and rattan work, arts and craft, batik making, photography, printing, community leadership and running pre-school centers in which health care and nutrition are stressed. Upon completion of their training, the trainees return to their villages to put into practice what they learned.

The Sarvodayan Movement is a practical program that has villagers determine village needs and then take whatever action is required, i.e. rehabilitating roads and irrigation facilities. Their motto is, "We don't think of Sri Lanka as 13½ million mouths to feed but as 13½ million talented heads with double the number of hands to work."

THE ROLE OF THE UNITED STATES In an interdependent world, international harmony and security depend upon alleviating the friction between rich and poor nations. It is in the U.S. self-interest to encourage the economic development of those South Asian countries where democracy flourishes in spite of poverty. No matter what our other commitments, it is foolhardy to ignore a country the size of India or give it second place in U.S. foreign policy considerations.

Our group spent the last day talking over what we had seen and learned and what we would say to President Carter on our return, if we had the opportunity! The U.S. must recognize that only India and Sri Lanka can solve their own problems. They have to determine their needs and priorities, and then implement the development projects they devise. The U.S. can play an active and supporting role through greater partnership with these countries, acknowledging their right to shape their own development strategies; trade liberalization made possible by U.S. forward planning and adjustment assistance for U.S. labor and industry; and shared science and technology such as research adapted to developing country needs, increased basic research cooperation, easier technology transfers. U.S. development assistance should be given through multilateral channels where possible and bilateral aid.
Educational assistance should stress vocational education.

* * * * * * * * * * * * * *

The trip was a unique opportunity to visit a country, not as a tourist; to make new friends, both American and foreign; to have an unusual learning experience. I fell in love with India, Sri Lanka and the people. Their problems are great, but so is their determination to overcome them.

Highlights of

MAR 1 8 1978

Prosperity Without Guns

The Economic Impact of Reductions in Defense Spending

by B.G. Lall

The United States and most of the world are at peace.

Yet...

Budgets for arms continue to rise.

Can they be cut?

If cut, can the human, financial, and material resources be shifted?

Can jobs and income for workers, communities, and companies be maintained and expanded while reducing dependency on military work?

What are the facts?

What can be done?

Some Facts on U.S. Military Spending and Sales

The U.S. Government plans to spend up to $116.4 billion for its armed forces and armaments from October 1, 1977 to September 30, 1978 (FY 1978).

Major items of the defense budget include:

$30 billion to purchase arms

$11 billion to do research and to test and develop arms

$3 billion to build facilities, storage and housing for military personnel

$35 billion for pensions and salaries

$3 billion for military equipment and assistance to other nations

$33 billion for military maintenance and operations

The U.S. Defense Department plans to increase military spending by 3 percent annually, plus inflation, or about $11.6 billion in FY 1979.

The U.S. will borrow about $14 billion to pay the defense share of this year's Federal Government deficit.

The U.S. must pay $41 billion in interest in FY 1978 because of borrowing in former years. Most of this is due to past military purchases and operations.

The U.S. Government in FY 1978 will approve sales of some $10 billion in arms abroad to Iran, Israel, Saudi Arabia and other countries.

Who's Affected by Military Spending?

Industry. 90% of all weapons development and production are in five industries: aircraft, missiles, communications and electronics, ordnance, and shipbuilding.

Company. 25 companies received over 50% of the value of all contracts from the Department of Defense in 1976. 32,000 companies are prime or sub-contractors for the military.

Geographic Area. The Pacific, New England, and Mid Atlantic regions perform most of the military work. California ranks ahead of all other states followed by New York, Missouri, Massachusetts, Texas and Connecticut.

Employment. Over 5 million persons (5% of the total work force in 1976) are engaged in military work.

Two million plus in the armed forces

One million in the Pentagon and defense installations

Two million in private industry doing military work.

Labor. The International Association of Machinists and Aerospace Workers, and the United Auto, Aerospace, and Agricultural Implement Workers perform a large part of all military production. Other unions include International Union of Electrical Workers; United Electrical Workers; and Oil, Chemical and Atomic Workers. About 1/3 of defense workers are not represented by any union or employee organization.

Scientists and Engineers. Defense work absorbs about half of the scientific and engineering talent of the country.

Cutting Military Spending — What We Have Learned

Military spending is usually reduced after wars, but cuts also take place when defense needs shift, contracts are completed, arms control agreements are made, and Congress and the President decide that national security is served by showing military restraint and devoting money to civilian purposes. What follows are some of the main lessons we have learned when such cuts occurred.

1. Communities which experienced closings of military bases and plants can call for assistance from a Federal team organized by the Office of Economic Adjustment in the Department of Defense. Recovery from loss of jobs can occur in 2 to 5 years *if* a community devises a recovery strategy and establishes an economic development agency to coordinate local efforts.
2. Communities may seek financial aid from the Economic Development Administration of the Department of Commerce, the Small Business Administration, and local groups and institutions.
3. Workers losing defense jobs can find new jobs in a short period *if* the employer assists in the reemployment process and provides advance notice to his workforce. The efficiency of the local U.S. employment office also is an important factor.
4. Defense scientists, engineers and other workers who need retraining and help in relocating can call for assistance on the Employment and Training Administration of the Department of Labor which has funds for such purposes.
5. Many companies heavily involved in military work have diversified successfully, primarily by acquiring companies with expertise in the commercial sector.
6. Military-oriented companies diversifying to non-defense work often are successful if they risk capital investment in products likely to be used by government agencies purchasing services and equipment for housing, mass transit, energy, and pollution control, *but* these agencies need to encourage and cultivate such investment.
7. Of upmost importance is the policy of the Federal Government to maintain the economy generally at a high level.

Policies to be Followed

1. To encourage less dependency on military spending, the U.S. Government needs to provide the public with a comprehensive arms control and disarmament policy. This includes both proposed agreements to level off and reduce weapons development and production and the use of mutual restraint (by the U.S. and U.S.S.R.) in developing and producing new weapons.
2. With such a policy, companies, workers, and

communities can plan how to adjust to reductions in spending for particular weapons programs and military installations.

3. To plan for such diversification communities need an Economic Development Council with competent staff and an effective policy board, representative of the community — business, labor, civic groups, government officials and academics.
4. No company should be highly dependent on military sales either to the U.S. Department of Defense or to foreign governments, nor should individual plants be continually or wholly devoted to military work.
5. The Congress needs to provide guidance and, if necessary, authority and funds to the Executive branch on: how companies should diversify, how much and what kind of aid should be available to workers and communities affected by shifts from military to non-military work; and how to transfer scientific and engineering talent to non-military pursuits.

Citizen Action

What can citizens, workers, and businessmen do to promote reduced dependency on military work?

1. Examine your community. Identify how dependent it is on military work. Contact the mayor, city council, Congressmen, Chamber of Commerce, local unions, civic groups, local scholars.
2. Promote creation, if necessary, of an Economic Development Council to plan and work for community economic prosperity.
3. Support sound and effective disarmament and arms control agreements by the U.S., U.S.S.R., and other countries.
4. Support military restraints by the President and Congress so that the pace of developing and producing new weapons can be slowed.
5. Encourage companies to shift some scientific and engineering talent now devoted to military work to meet domestic needs.
6. Work with local unions to help protect workers from sudden lay-offs and loss of income if defense contracts are cancelled or not renewed.

For copies of the following brochures:

1. "Prosperity Without Guns" (1.00 single copy) The 44 page booklet from which "Highlights" has been excerpted.
2. Quantity orders of "Highlights."
3. "I Want to See 2000" (free) Describes materials available through Operation Turning Point on reversing the arms race, and the U.N. Special Session on Disarmament.

Write to:

Operation Turning Point*
1140 Avenue of the Americas
New York, N.Y. 10036
(212) 575-0055

Join with others to reduce arms and expand our economies.

Your action can make a difference.

OPERATION TURNING POINT
END THE ARMS RACE

*A special project of the Institute for World Order

MAR 13 1978

I want to see 2000

OPERATION TURNING POINT
END THE ARMS RACE

At times each of us wonders: "Will I see the year 2000?"

Will my children? Will my grandchildren? Even if the world were to solve it's nagging problems of food, energy, population and ecology, can it master an arms race which threatens our future?

The answer may well be that if we keep to the present course of multiplying warheads and escalating payloads, no one will see 2000.

A change of direction is imperative. We must start to end the arms race now.

And that is what Operation Turning Point is all about.

and white advertisement (8" x 10" velox suitable for reproduction) for your local newspaper or organization's magazine. Your own information as to your organization's address, meetings, etc. may be added to these spots.

Leadership Tools

Leadership Kit

A Leadership Kit will be mailed by **Operation Turning Point** in response to orders received. It is sent via third class mail. The kit contains:

- **I want to see 2000**
- **The Disarmament Process: Where To Begin**
  A 22 page booklet listing the major disarmament issues and a set of criteria for selecting the issues that seem most likely to produce results.
- **At The Turning Point**
  A 12 panel leaflet described under "Materials for the General Public."
- **Prosperity Without Guns**
  Addresses the major concern of the American public that disarmament will cause serious economic dislocation. It discusses strategies to alleviate dislocation through planning by government, the local community, and by industry itself. And it explains what concerned citizens can do to assist conversion.
- An agenda for the United Nations Special Session on Disarmament.
- A Discussion and Action Guide (including guidance for working with the Congress).
- A bibliography.
- A scenario for a simulation game on the U.N. Special Session on Disarmament.

Operation Turning Point

Operation Turning Point is a tangible response to an urgent need for a change in course.

Operation Turning Point is the focus for a nationwide educational campaign which will explore concrete alternatives to the arms race.

And **Operation Turning Point** is the way to tell our leaders of our desire for new initiatives toward that goal.

In May 1978, the United Nations Special Session on Disarmament will convene in New York City. The attention of the entire world will be focused on its deliberations. **Operation Turning Point** can harness the public energy which will be necessary to build understanding and support for the objectives of that Special Session, and to implement its decisions.

Working together through **Operation Turning Point,** we can help our nation to recognize that we have, indeed, reached a turning point in our destiny. It is vital that our decision makers know what we believe.

Because we all want to see 2000.

Operation Turning Point announces:

Mass Media Campaign

In the fall of 1977, **Operation Turning Point** will begin a nationwide television, radio, and print campaign. Five television spots, five radio spots, and one print ad will be distributed to major stations, newspapers, and magazines around the country.

The campaign is structured around a series of brief, personal statements by a number of respected and familiar Americans. Their common theme is: "I want to see the year 2000..."

The following is a typical 30 second **Operation Turning Point** spot:

"I'm Paul Newman.

The citizen in this country is bombarded by information that emanates from those who have a big interest in seeing weapons systems developed.

The impression is: 'this is the only game in town — building missiles.'

I don't think it's the only game. I think there's another game which evolves around disarmament — because what we're going through now seems to be beyond insanity.

Do we have to play the weapons game? Is there another game in town? I think there is.

Find out. Write me at **Operation Turning Point**, Box 2000, Church Street Station, New York City 10046."

On request, **Operation Turning Point** will provide you with 30 and 60 second spots for your local television and radio stations; and a full page black

- An order form for additional material.

Each item may be ordered in quantity. (See order form.)

Mini-Library

It is vital that the leadership in **Operation Turning Point** be equipped with timely and effective data. Consequently, **Operation Turning Point** will provide a Mini-Library to persons who will be leading discussion groups, seminars, and other programs on disarmament and the United Nations Special Session. Requests for the Mini-Library should be written on the stationery of the organization or college where it will be used. A brief indication of expected usage will be helpful. The Mini-Library includes:

Are The Russians Really Coming?
by Congressman Les Aspin

Nuclear Proliferation: A Strategy For Control
by Andrew J. Pierre with Claudia W. Moyne

World Military And Social Expenditures, 1977
by Ruth Leger Sivard

Controlling The Conventional Arms Race
by the UNA-USA National Policy Panel on Conventional Arms Control.

The Mini-Library (value $6.00) will be sent for a $1.00 mailing charge.

Trademark and Logotype

A black and white copy of the **Operation Turning Point** trademark, containing information on color break-up and suggested layouts, will be sent free upon request.

The **Operation Turning Point** mark and name can be used on advertisements, brochures, posters, and stationery prepared by your organization.

Materials for the General Public

At The Turning Point, a twelve panel leaflet, includes:

Historical background; treaties now in effect; those being discussed; and those being considered for ratification.

Major disarmament issues which will come before the United Nations Special Session in 1978.

Suggestions for citizen discussion and action.

A list of available resource materials.

I want to see 2000 brochure, including order form.

Arms Control And Disarmament: The U.N. Dimension, a UNA fact sheet.

Ten Minutes For Peace, a 16 page booklet of questions and statements designed to help readers explore some key issues related to peace.

Highlights of the Leadership booklet, "Prosperity Without Guns."

Nation-wide participation in **Operation Turning Point** can help everyone to understand the significance of the 1978 United Nations Special Session on Disarmament. It offers all of us the vehicle for carrying a vital message to our elected leaders:

We want to begin to end the arms race now!

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OPERATION TURNING POINT
END THE ARMS RACE

1140 Avenue of the Americas
New York, N.Y. 10036
212 575-0055

Published as a public service by the Institute For World Order

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		Cost	Quantity
2000	**Television Spots** 5 Spots on 16mm color film	Free	_____
2001	**Radio Spots** 5 Spots on Tape	Free	_____
2002	**Print Ad**	Free	_____
2003	**Leadership Kit** Mailed third class	Free*	_____
	Leadership Kit Items		
2004	I Want to See 2000	Free	_____
2005	The Disarmament Process: Where to Begin	25¢ *	_____
2006	At The Turning Point	50¢ *	_____
2007	Prosperity Without Guns	$1.00*	_____
2008	Discussion and Action Guide	25¢ *	_____
2009	Scenario for U.N. Special Session on Disarmament	50¢ *	_____
2010	Bibliography	25¢ *	_____
2011	Arms Control & Disarmament: The U.N. Dimension	25¢ *	_____
2012	**Mini Library**	$1.00	_____
2013	**OTP Trademark**	Free	_____
2014	**Highlights of Prosperity Without Guns**	Free	_____
2015	**Ten Minutes for Peace**	Free	_____

*Prices for quantity orders on request.
You will be billed with the order.

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Affiliation _____

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END THE ARMS RACE
1140 Avenue of the Americas
New York, N.Y. 10036

MAR 1 3 1978 IR

League of Women Voters of the United States 1730 M Street, N.W., Washington, D. C. 20036 Tel. (202) 296-1770

memorandum

This is going on DPM
February 10, 1978

TO: State and local League presidents (attn: IR chairmen)
FROM: Ruth Robbins
RE: Enclosed international relations materials

** The new LWVEF CURRENT FOCUS, Continuing Crisis in Trade (pub # 123, 50¢) explores the broad range of current trade issues that are very much in the news headlines. It updates and replaces the five year old FACTS AND ISSUES, The Trouble with Trade. As the IR COMMITTEE GUIDE noted, "combatting the rising pressures for protectionism" is a major international relations focus for this year, and the Board selected trade as an issue for "serious" action efforts (See January, 1978 Nat'l Board Report). The Continuing Crisis in Trade should serve as an important resource for IR committee members, other interested Leaguers and the general public.

I am also glad to announce the formation of a new ally in our fight for liberal trade policies. Consumers for World Trade is a membership organization that will represent the consumer point of view in world trade issues. Although consumers have a real stake in the removal of trade barriers that contribute to higher prices, the consumer's voice has been heard too rarely in trade debates. Consumers for World Trade (CWT) plans to lobby against protectionist measures and for vigorous enforcement of laws against unfair foreign trade practices, for effective trade adjustment assistance and for expanded world trade.

We are sending state League presidents a small supply of "Who Looks Out for You, the Consumer?" a brochure describing CWT and telling how citizens can join and receive the monthly newsletter for $10 annual dues. Free copies of the brochure are available in quantity from: Consumers for World Trade, Dupont Circle Building, Rm. 425A, 1346 Connecticut Ave. N.W., Washington, D.C. 20036.

** This year's memo "wrapping-up" the General Assembly was written by the League's new UN observer Edith Segall. The Wrap-Up gives an excellent overview of the major actions taken by the 32nd General Assembly session. Although this session didn't make any headlines, as the memo notes, it was significant that the session managed to avoid divisive confrontation that could have hurt efforts to solve problems in the Middle East and Southern Africa that were taking place outside the Assembly.

** Also enclosed is a memo from me describing the three week trip Ruth Hinerfeld and I were privileged to take to India and Sri Lanka. Paid for by the Charles F. Kettering Foundation, and organized by the Overseas Development Council as part of their Transnational Dialogues project, the trip was designed to give us the chance to explore the problems of economic development first-hand. I hope my memo gives you a flavor of the insights we gained that are highly salient to the League's long-standing development position.

** Finally, the enclosed pamphlets, I Want to See 2000 and Highlights of Prosperity Without Guns are part of the Operation Turning Point (OTP) project, jointly sponsored by the Institute for World Order (IWO) and the United Nations Association (who are covering the costs of our mailing the pamphlets to you). OTP is designed to increase

public understanding of the issues involved in the United Nations Special Session on Disarmament, to be held during May and June of this year.

I Want to See 2000 describes Operation Turning Point and includes an order form for OTP materials. (IWO has already sent a sample copy of the leadership kit to state League presidents.) Highlights of Prosperity Without Guns summarizes some of the major points Betty Goetz Lall (former LWVUS foreign policy specialist) makes in her book discussing the probable impact of reductions in defense spending on the U.S. economy.

Also available through OTP (for a $5.00 rental fee) is a 15 minute slide show and tape, titled "A Call to Arms Control." The show,which makes the case for reducing arms, could be used to open a discussion of issues to be addressed by the upcoming Special UN Session.

GREAT DECISIONS HEADLINER

'78

IN THIS ISSUE: How YOU Can Be a Part of Foreign Policy

The control of foreign relations by modern democracies creates a new and pressing demand for popular education in international affairs.
Elihu Root, 1922

CARTER ADMINISTRATION URGES CITIZENS TO VOICE THEIR FOREIGN POLICY VIEWS

WASHINGTON, D.C. — **A larger and better-informed foreign policy constituency is vital to the democratic process. This long-standing American ideal was reaffirmed by the Carter Administration which is seeking to strengthen citizen input in the making of foreign policy.**

But how can decision-makers know the views of large numbers of individuals not represented by special lobbies?

By taking part in *Great Decisions '78*, participants in this nonpartisan, nationwide program can make their opinions count by filling out the opinion ballots on each of eight foreign policy issues.

The ballots are bound in the *Great Decisions* program book and are being prepared with the assistance of W. Phillips Davison, renown public opinion specialist and Director of the Center for Advanced Study of Communication and Public Affairs, School of Journalism, Columbia University.

The 1978 ballots will be tabulated under Dr. Davison's supervision, and the National Tabulation Center will be at Columbia University. The ballot results will be issued in the National Ballot Report to be prepared in May, 1978, and will be presented to members of Congress and the Executive Branch. The report will be published in the *FPA Outreacher* and sent to the nation's media as well as all interested citizens.

In 1977, some 50,000 ballots were tabulated under Dr. Davison's supervision. Responding to the National Ballot Report, national leaders wrote:

". . . I have reviewed the findings of the *"Great Decisions"* poll with interest, and they are being sent to all posts overseas; also, the specific findings relevant to the concerns of each regional bureau are being distributed here within the Department. I certainly hope you'll repeat this important effort next year. . . ."

Secretary of State Cyrus Vance

". . . I enjoyed . . . reviewing the *Great Decisions* Opinion Ballots. I feel *Great Decisions* is a valuable program and commend you for its work."

Congressman Clement J. Zablocki
Chairman, House Committee on International Relations

Professor W. Phillips Davison and ballot tabulators—Debra Kenkelen (seated left) and Trisha Tunstall (seated right)—counting **Great Decisions '77** opinion ballots at Columbia University.

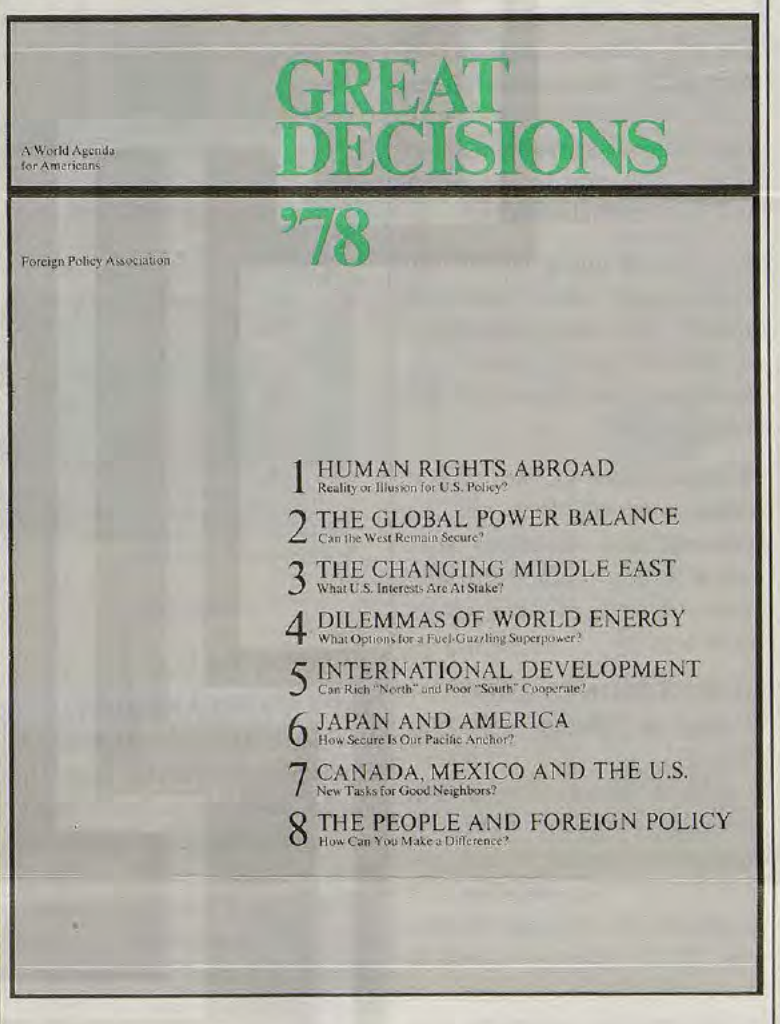
FPA Announces Eight Topics for GREAT DECISIONS '78

NEW YORK CITY — **For the 24th consecutive year, Americans in every state in the nation will study and discuss eight key issues on the nation's world agenda.**

Selected with the assistance of government leaders, scholars, and *Great Decisions* organizers throughout the nation, the topics for 1978 are:

The *Great Decisions '78* program book, prepared by the editors of FPA, provides:
—in-depth background on each topic;
—impartial analysis of each issue with pros and cons of alternative courses of action facing the nation;
—bibliography;
—discussion questions;
—opinion ballots.

And, for the first time, there will be film recommendations together with suggested readings, offered as supplementary resource material for discussion groups, for use in the classroom and for lecture series.



Citizens Ask:
Why Should I Participate in Great Decisions?

"One of the most gratifying experiences of my life was the coordinating and chairing of *Great Decisions '77* . . . Your (opinion ballot) report is of great import to me and will be to those who participated. Practically every session closed with the question, 'Of what value will our opinions be?' Now I can let them know first hand."

This statement speaks for itself. And there are many others from throughout the country.

GREAT DECISIONS

...Goes behind the headlines ...and makes the headlines

Vladimir K. Bukovsky, human rights activist from U.S.S.R.

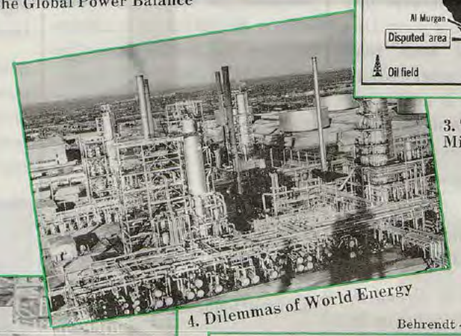
1. Human Rights Abroad

Secretary of State Vance and Soviet Foreign Minister Gromyko.

2. The Global Power Balance

The Christian Science Monitor, 2/16/77

Off Sinai, where there is a new row over oil



3. The Changing Middle East

4. Dilemmas of World Energy

'78 AGENDA REFLECTS TODAY'S KEY FOREIGN POLICY ISSUES

You may get your news on foreign policy from newspapers, radio or television, but still may feel poorly informed about what's going on in the world and how it affects you.

One way of going behind the headlines to understand the impact and inter-relatedness of foreign policy issues is to read the *Great Decisions '78* program book.

Here are some of the foreign policy concerns that will be analyzed and questions that you will have a chance to discuss—on two of this year's eight topics:

HUMAN RIGHTS ABROAD: *Reality or Illusion for U.S. Policy?*
President Jimmy Carter has proclaimed human rights "a fundamental tenet of our foreign policy." Abroad, this new emphasis pleases some leaders and offends others—notably in the Soviet Union. At home, it is welcomed as reflecting this nation's heritage of freedom and our desire that America should regain its position as a moral force in the world.

But can we harmonize these noble principles with our other foreign policy goals?

Can we advance individual freedom abroad without endangering peace and orderly progress?

6. Japan and America

JAPAN AND AMERICA: *How Secure Is Our Pacific Anchor?*
Shattered in World War II, Japan rose to be something new under the sun: a great nation without great military power. Third biggest economy on earth, unexcelled in technology, democratic in government—Japan is now our bruising trade competitor and under the U.S. "nuclear umbrella," our strategic anchor in Asia.

To keep the anchor secure, and to encourage Japan to play its full role in the world community, what should the U.S. do about current trade and economic issues? About Japan's use of plutonium for energy?

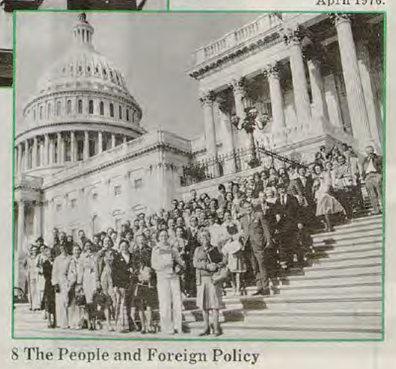
Behrendt - Het Parool, Amsterdam

5. International Development

President Jose Lopez Portillo, of Mexico

7. Canada, Mexico and the U.S.

Delegates to Great Decisions Conference, Washington, D.C., April 1976.



8 The People and Foreign Policy

National Media Augment Great Decisions Program and Outreach

In 1977, a combined total of more than 350 radio and television stations carried programs on the *Great Decisions* topics. Newspapers, with a combined circulation of over eleven million readers, carried news, special articles and editorials on the program.

In 1978, national media offerings will once again be an important part of the content and outreach of the program.

UPI

—UNITED PRESS INTERNATIONAL will offer its subscriber newspapers eight articles relating to each of the *Great Decisions* topics. Written by UPI correspondents from around the world, these articles will provide analyses for *Great Decisions* participants and will reach millions of newspaper readers.

The first article will be issued for publication the week of January 29, 1978, and the remaining articles will appear each week for a total of eight consecutive weeks.

88+ WAMU-FM

—WAMU-FM, The American University, Washington, D.C., will produce and broadcast eight half-hour radio programs on the *Great Decisions '78* agenda. These programs will be made available during February and March to the more than 200 member stations of National Public Radio.

Information on any specific timetable for national programming of the series will be announced at a later date. In the meantime, watch your local radio listings for news of stations carrying the programs.

—In addition to national media offerings, remember that locally produced features, interviews and *Great Decisions* specials in your community newspapers, radio and TV stations, are a vital part of the program.

CHECK YOUR UPI NEWSPAPERS...
CHECK YOUR NPR RADIO STATIONS...
CHECK YOUR COMMUNITY MEDIA...
for their contributions to
Great Decisions '78

Great Decisions group discussing '77 topics at Arlington Unitarian Church, Arlington, Virginia.

GREAT DECISIONS '78

A World Agenda for the American People

Decide how you take part in *Great Decisions '78*

DISCUSSION . . . is one way. Invite 8 to 15 friends, colleagues, neighbors, to join you for informal discussion of the topics at eight meetings. Or encourage your organization to invite members and others in your community to form groups.

BRIEFING . . . is another. An increasing number of individuals read *Great Decisions* on their own to keep up with what's going on, and as current and impartial background for business and travel.

ON CAMPUS . . . More and more campuses use the *Great Decisions* book in class, and as the focus of discussion groups and lecture series offered to citizens in the community.

REMEMBER . . . When and how you use *Great Decisions* is up to you. You can adjust the timing of the program to suit the needs of individuals and organizations in your community. Colleges, universities and schools use *Great Decisions* in courses in the spring and fall semesters.

Extensive media support is given to the program during February and March, and the National Ballot Report is prepared in May. These factors may be important for you to consider—but whatever your schedule, plan now to take part in *Great Decisions '78*.

Sponsors of *Great Decisions*

Offered nationally by the Foreign Policy Association, *Great Decisions* is sponsored in communities across the nation by hundreds of local affiliates of national organizations and by local organizations and institutions. Special recognition and thanks go to representatives of these groups who provide leadership and who involve more and more Americans in the program every year.

For a list of national organizations which offer *Great Decisions*, write to: Director of Community Programs, Foreign Policy Association, 345 East 46th Street, New York, NY 10017.

The Foreign Policy Association

FPA is a national educational organization. Ever since its founding in 1918, this nonpartisan, nongovernmental Association has worked to help Americans gain understanding of significant issues in U.S. foreign policy and to stimulate constructive citizen participation in world affairs.

Order Form

Please send me:

☐ _____ additional copies of this brochure on the '78 program.

☐ _____ copies of the *Great Decisions '78* program book at $4.00 each.*

(Payment must accompany orders for single copies, plus 40¢ for postage and handling.)

*Publication date is January 2, 1978.

High Schools only:
To obtain *Great Decisions '78* program books for use in secondary school classes, please send purchase orders to:
Allyn & Bacon, Inc.
Rockleigh, New Jersey 07647

Mail to: Carolyn Fromuth
Coordinator Great Decisions Program
League of Women Voters of San Antonio
1017 N. Main Avenue - Room 223
San Antonio, Texas 78212
512-684-1585

Name (please print) _____

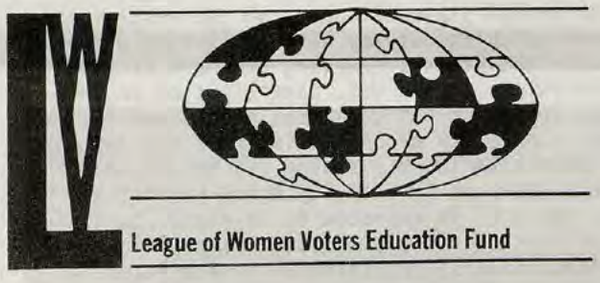
Address _____

City _____

State _____ Zip _____

Affiliation _____

☐ Check enclosed ☐ Please bill me



INTERNATIONAL RELATIONS
WRAP-UP

February, 1976

UN: WRAPPING UP THE THIRTIETH

September 16, 1975 was a memorable day for UN recordkeepers. UN delegates, weary from 16 days of intensive, round-the-clock sessions of the Seventh Special Session (7th SS) on Development and International Economic Cooperation, wound up that session, formally closed the 29th regular session of the General Assembly (which had been in recess since December 18, 1974) and opened the 30th General Assembly (GA), all within a few hours of the same day.

"We have shown that we can negotiate in good faith. Not least, we have shown that this can be done in the unique and indispensable setting of the UN. This system works," said U.S. Ambassador to the United Nations Daniel Patrick Moynihan at the close of the 7th SS.

Other delegates also expressed satisfaction with the serious, pragmatic negotiations and the cooperative mood of the 7th SS. Its significance rested not on the contents of its final resolution entitled "Development and International Economic Cooperation" (and described by one delegate as "economic jargon and diplomatic patchwork") but in the willingness to negotiate and to compromise that made the resolution possible. Sparked by a wide-ranging message from Secretary of State Kissinger on the first day of the session, a spirit of conciliation pervaded the 7th SS and interrupted for a short moment a decade of rhetorical confrontation between the industrialized and the developing nations.

THE TONE CHANGES

The new look and tone of the 7th SS lasted about four weeks. By mid-October, the old look of confrontation had resurfaced with a vengeance in the bitter dispute over the action taken by the Third Committee, then later by the General Assembly, in approving a resolution equating Zionism with racism.

Of almost 200 resolutions passed by the session, the anti-Zionism resolution eclipsed all others in the attention it received in the American press and the reaction it evoked from the U.S. public. The form in which the resolution finally emerged was unexpected, but support for an anti-Zionism statement of some sort had been demonstrated earlier. Resolutions urging opposition to Zionism as a "threat to peace" had already been adopted at meetings of African and non-aligned nations. And one such resolution was part of the Declaration of Mexico, a document passed by the International Women's Year Conference.

Many observers viewed the anti-Zionism resolution as a face-saving device for the radical Arabs who had failed in their efforts to have Israel ousted from the General Assembly. Others believed that many countries voted for it to slap the face of Israel's main supporter--the United States--because of long-standing antagonisms and irritation with the new outspoken diplomatic style of the U.S. at the United Nations. A number of nations said that, despite their opposition to the resolution, they had voted in favor of it because of their dependence on Arab oil and investments and their desire to maintain the solidarity of the African-Arab bloc. And U.S. representatives quietly acknowledged that the United States had not fully exerted its diplomatic muscle in the battle to have the resolution voted down or deferred. U.S. ambassadors in various capitals throughout the world had been devoting all their resources to securing support for a pro-U.S. vote on a resolution affecting Korea (see below).

Whatever the reasons for the failure of the United States and other Western nations to counter Arab efforts in lining up votes, the "irresponsible and obscene resolution," as Ambassador Moynihan described it, was adopted by the GA on November 10--72 in favor, 35 opposed, with 32 abstentions.

Its effects remain to be seen. As a GA resolution, it is not binding on member nations as is a Security Council resolution. But it has recharged the momentum of Arab efforts to legitimize the role of the Palestine Liberation Organization (PLO) in Middle East peace talks while further eroding the diplomatic position of Israel. (The PLO made an important gain when the Security Council later invited the organization to participate on an equal footing with member states in its discussion of the Middle East question.) The resolution also caused a halt to Western support for the UN "Decade of Action to Combat Racism and Racial Discrimination"--a result foreseen by over half the non-Moslem black African countries who parted company with their usual voting allies to vote against or abstain on the resolution.

Most of the Western nations and other countries that joined the United States in opposing the resolution have tended to treat it as an ideological aberration which bears watching but may have no lasting effects. The reaction of public, press, and government officials in the United States, however, has been extremely strong. Some members of Congress have introduced bills or resolutions to end U.S. participation in the General Assembly, cut funding for all or part of the UN system, or punish the countries that voted in favor of the resolution by withholding bilateral economic assistance. Secretary of State Kissinger has initiated a policy of selective aid cutbacks tied to UN votes; and the Administration has stated its intention to review U.S. participation in the UN to distinguish between those areas of UN activity which benefit the U.S. and those which work against U.S. interests. In general, the U.S. is expected to de-emphasize the importance of the GA as a significant actor in international affairs and to concentrate its political efforts in the Security Council where the U.S. can veto resolutions it considers inimical to its interests. UN experts in and outside government have already begun to discount publicly the importance of the GA in relation to the Security Council which passes binding resolutions and the UN's specialized agencies where most of the nuts and bolts of UN work takes place.

OTHER BUSINESS

The strains of the Middle East appeared to dominate GA activity, but the session debated other pressing world problems as well. Among other things, the 30th GA:

☐ passed two contradictory resolutions concerning the Korean question. Both resolutions supported the dissolution of the UN Command set up in 1950 to repel the North Koreans after their invasion of the South. One resolution, however, supported by North Korea, China and the Soviet Union, called for the withdrawal of all foreign troops and a peace accord between North Korea and the United States--without South Korean involvement. (The U.S. delegate stated that U.S. troops were in South Korea under a 1954 bilateral agreement and were outside UN jurisdiction.) The other resolution, supported by South Korea, the U.S., and Japan, urged the resumption of North-South talks on unification.

☐ called for the immediate withdrawal of Turkish troops from Cyprus and the return of refugees displaced by the Turkish forces.

☐ passed a number of resolutions condemning South Africa, which, ousted from the GA last year, did not participate in this year's session. (The United States did not vote for all these resolutions but did make two forceful statements criticizing South Africa's racial policies.)

☐ debated foreign intervention in Angola during the debate on South Africa. Madagascar called for the condemnation of the "direct intervention of South African armed forces in Angola." Zaire then asked the Assembly to condemn all foreign intervention in Angola. Neither country was able to muster majority support and no statement on Angola was passed.

☐ established the International Women's Decade 1975-1985 and approved the comprehensive Plan of Action for the decade which was drawn up at the UN International Women's Year conference in Mexico in July 1975. (The United States abstained on the "umbrella" resolution which endorsed the World Plan of Action and the Declaration of Mexico because of its inclusion of language equating Zionism with racism.)

☐ passed more disarmament resolutions than ever before. Nonetheless, most observers believe that any movement in this area could result only from direct negotiations between the two superpowers.

☐ approved a declaration condemning the practice of torture. Although the Dutch-sponsored resolution imposes moral rather than legal obligations on governments, it was cited by many as the most positive achievement of this GA.

☐ enlarged from 42 to 47 members the Special Committee on the Charter of the UN and the Strengthening of the Role of the Organization. Some of the veto-wielding permanent members of the UN are opposed to Charter change and little is expected of this committee. Because its recommendations do not require Charter revision, however, much more is expected from the report of the Group of High Level Experts on the Structure of the United Nations System. The 7th SS established an Ad Hoc Committee on Restructuring of the Economic and Social Sector of the UN to examine this report and make future recommendations to the GA.

☐ brought the total number of UN members to 144 with the admission of six newly independent countries: Cape Verde Islands, Sao Tome and Principe, Mozambique, Papua New Guinea, Comoros and Surinam.

ORDER FROM League of Women Voters of the United States 1730 M Street N.W., Washington, D.C. 20036. Pub #604. 20¢ a copy.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

MAR 25 1976

I-R

memorandum

The League of Women Voters of the United States

THIS IS GOING ON DPM
March 16, 1976

TO: State and Local League Presidents

FROM: Ruth Clusen, President, and Ruth Hinerfeld, IR Chairman

We would like to urge you to write to President Ford to make League views known on a very important trade issue. By April 20, the President must determine his response to the domestic shoe industry's request for import relief. The League believes that the President should choose adjustment assistance rather than tariffs or quotas as the most appropriate remedy to the injury the shoe industry has suffered as a result of increased imports.

BACKGROUND

During its more than 40 years of supporting liberal trade, the League has worked for the systematic reduction of tariffs and opposed other measures impeding trade such as quotas. We have recognized, however, that certain domestic industries are vulnerable to injury by import competition. When such injury occurs, we believe it is far preferable to provide adjustment assistance to injured firms and workers than to impose trade restrictive tariffs and quotas. As we state in our position on trade, "we are convinced that the political and economic interests of this country and of its citizens collectively and individually are best served by such a (liberal trade) policy, which paves the way for political harmony with other nations, stimulates economic development at home and abroad, and expands consumer choice."

On February 20, the International Trade Commission (ITC) reported to the President that the U.S. shoe industry is suffering serious injury from increased imports. When serious injury is found, the Commission may recommend one or a combination of three remedies: tariffs, quotas, or adjustment assistance to injured workers and firms. The five-member Commission was unable to reach majority agreement on the appropriate remedy and have therefore made no such recommendation to the President.

The President must, by April 20, decide whether any import relief is in the national economic interest of the United States. If so, he must decide whether to impose tariffs or quotas on shoe imports to protect the domestic shoe industry or whether the injured workers and firms should be granted adjustment assistance to help them adjust to increased imports from overseas. The President could also extend his deadline beyond April 20 by 90 days if he decides to enter into bilateral negotiations with the main shoe-exporting nations to obtain from them promises to limit the volume of their exports to the United States.

During ITC's consideration of the shoe case, several people presented testimony which pointed out the inflationary impact of the protection the domestic shoe industry is seeking. Fred Bergsten, a Senior Fellow at the Brookings Institution speaking on behalf of Consumers Union of the U.S., warned that the quotas

proposed by the domestic shoe industry would be an immediate cost to the consumer and the cost would increase with time. "Consumer costs would rise by $3.7 billion in 1981," he said.

The President's Council on Wage and Price Stability, the government watchdog on inflationary forces, strongly warned against meeting the shoe industry's demands for quotas. Such quotas would, according to the Council, increase the average wholesale price of a pair of shoes by about ten percent. The Council pointed out that such a price increase would cause a "loss to the consumers who would have to buy fewer shoes or shoes of lower quality because of the higher prices for all shoes." The Council said that the shoe industry in the United States should look to adjustment assistance for the help it needs. "A trade adjustment assistance program would be less inflationary than the petition's proposed quota system. If properly designed, such an assistance program could even be anti-inflationary, if the benefits of retraining, relocation and modernization exceeded the costs of the program," the Council said.

FEB 20 1976

JOHN G. TOWER
TEXAS

COMMITTEES:
ARMED SERVICES
BANKING, HOUSING AND URBAN AFFAIRS
JOINT COMMITTEE ON
DEFENSE PRODUCTION

United States Senate

WASHINGTON, D.C. 20510

I-R

February 13, 1976

Ms. Betty Anderson, President
League of Women Voters of Texas
The Penthouse, Suite 109
1212 Guadalupe
Austin, Texas 78701

Dear Ms. Anderson:

I want to apologize for the indelicate way in which I phrased my views regarding the extent to which Congress and the general public should be involved in the conduct of foreign policy. A press conference is not the best format for expressing one's views on a complicated, delicate subject, especially when not everything one has to say is reported.

I do believe Congress and the general citizenry have an important role to play in the overall formulation and implementation of foreign policy, but the day-to-day conduct of foreign policy is the responsibility of the Executive Branch. Covert operations should remain covert. They should not be discussed in public.

I do want to make it clear that when I said the average citizen is "unsophisticated" in matters of foreign policy, I did not mean that the average citizen does not have the capacity to understand foreign policy. I meant simply that the average citizen has neither the access to the necessary information, nor the time to evaluate that information which is required to make intelligent decisions with regard to such sensitive matters of policy.

Sincerely yours,

John Tower

John Tower

JT:bb

GEORGE MAHON
19TH DIST., TEXAS

CHAIRMAN
COMMITTEE ON APPROPRIATIONS

FEB 7 1976

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 28, 1976

Miss Pauline Clarke
Chairperson, International Relations
League of Women Voters of Texas
1212 Guadalupe
Austin, Texas 78701

Dear Miss Clarke:

Thank you very much for contacting me on behalf of the League of Women Voters of Texas regarding funding for the International Development and Food Assistance Act. It is always very helpful to me to have the League's views, and I assure you they will be in mind as we proceed with the Foreign Aid Appropriations bill.

Please let me hear from you further at any time.

Best regards.

Sincerely,

George Mahon

George Mahon

M:ls

January 19, 1976

The Honorable George H. Mahon
House Office Building
Washington, D.C. 20515

Dear Representative Mahon:

The League of Women Voters of Texas urges your support of full funding at authorized levels for the International Development and Food Assistance Act (HR 9005). The League firmly supports separation of military aid and security supporting assistance from development aid. These two distinctly different types of programs should be evaluated and determined separately--each on its own merits.

We believe the provisions of this Act are steps in the right direction to sound development assistance programs. We urge your active support of separate appropriations for the International Development and Food Assistance Act.

Sincerely yours,

Pauline Clarke
Chairperson, International Relations
League of Women Voters of Texas

JAN 19 1976

January 9, 1976

The Honorable George H. Mahon
House Office Building
Washington, D. C.20515

Dear Mr. Mahon:

The League of Women Voters of Texas urges your support of full funding at authorized levels for the International Development and Food Assistance Act (HR 9005). The League firmly supports separation of military aid and security supporting assistance from development aid. These two distinctly different types of programs should be evaluated and determined separately- each on its own merits.

We believe the provisions of this Act are steps in the right direction to sound develppment assistance programs.
We urge your active support of separate appropriations for the International Development and Food Assistance Act.

Sincerely yours,

Pauline Clarke
Chairman, International Relations
League of Women Voters of Texas

February 2, 1976

The Honorable John Tower
U.S. Senate
Washington, D.C. 20510

Dear Senator Tower:

Your statement made at a news conference in Houston, January 17, 1976, referring to the lack of sophistication of the average American to deal intelligently with the Angolan issue is of great concern to the League of Women Voters of Texas.

The entire thrust of the League of Women Voters is to advance the cause of good government, and we feel we have done much to make the citizens of the United States politically astute. The availability of information on foreign affairs abounds through the news media. To withhold any of this is anathema to those who support a free press. The various viewpoints on both sides of an issue that flow through this unshackled press contribute to making the American people among the best informed in the world.

We regret your remarks as we think you are underestimating your constituents. To deny them publicity on an issue of world import is even more regrettable.

Sincerely yours,

Betty Anderson
President

Pauline Clarke
Director, International Relations

The Honorable John Tower
U. S. Senate
Washington, D. C. 20510

Dear Senator Tower:

Your statement made at a news conference in Houston, January 17, 1976, referring to the lack of sophistication of the average American to deal intelligently with the Angolan issue is of great concern to the League of Women Voters of Texas.

The entire thrust of the League (of w.v.) is to advance the cause of good government, and we feel we have done much to make the citizens of the U. S. politically astute. The availability of information on foreign affairs abounds through the news media. To withhold any of this is anathema to those who support a free press. The various viewpoints on both sides of an issue that flow through this unshackled press contribute to making the American people among the best informed in the world.

We regret your remarks as we think you are underestimating your constituents. To deny them publicity on an issue of world import is even more regrettable.

Sincerely yours,

Post 11/18/76

Tower says Americans can't grasp foreign policy

By TERRY KLIEWER
Post Reporter

U.S. Sen. John Tower of Texas said Saturday publicity of America's Angolan involvement is a mistake because the American people are not capable of dealing with the foreign policy issues it entails.

"Our participation in Angola should not have been publicized," Tower told reporters in a Houston news conference. "We've done this with several other countries but people didn't know."

"The average person is not sophisticated enough in foreign affairs to deal intelligently with it," Tower said of American involvement in the Angolan civil war.

Tower, in town to address a noon meeting of the Houston Chapter of the Institute of Financial Education at the Marriott Hotel, reiterated his support for President Ford's positions on Angola.

"We cannot abandon the underdeveloped countries to Soviet domination," the senior senator from Texas said.

Tower, ranking Republican on the Senate Intelligence committee, said he opposes publicity of all American covert activities. He drew no distinction between foreign policy activities, such as involvement in Angola, and other traditionally guarded areas like weapons technology.

Tower stressed that America cannot "tell the Soviets everything we're doing," and he did not elaborate on other nations in which America has had Angola-type involvements nor did he discuss any specifics of current U.S. Angolan participation.

He said Angola cannot become another Vietnam for this country: "Do the American people want another Vietnam? There, you have your answer."

Tower said the American purpose in Angola is to support the democratic elements in that underdeveloped African nation. But he said American involvement in Angola's bloody civil war is in the American interest because "the geographic, strategic location of Angola puts it on a vital sea route from the Mideast . . . (and) it has good potential for resource development."

"The Soviets have clandestine infrastructures in all underdeveloped countries; we do not," he said. "We cannot afford to

Please see Tower/page 2A

Tower says Americans can't grasp foreign policy

From page 1

have Angola become a Soviet stronghold." He said "Sovietization" of Angola would give the Soviets strategic naval and air position in Africa, at the same time handing them a nation Tower said "is supposed to be pretty rich in mineral resources."

Tower said it is a "bad mistake" to reveal covert intelligence activities of the U.S. intelligence community, suggesting more than once that the American people need not know about everything this nation is involved in abroad.

To questions about the prospect that non-publicity of American Angolan involvement could, in a parallel to early non-publicity of American Vietnam involvement, lead to major U.S. participation in another foreign civil war, Tower said:

"There is absolutely no possibility of Angola becoming a Vietnam. People who think it might . . . are misinformed."

Tower added Angola must be seen in proper perspective: "Any one underdeveloped nation is not important, but when we say that no small nation is important, we abandon them all to Sovietization."

On other subjects, Tower repeated his position that he has no interest in becoming Ford's running mate. "My chances for that are about as good as 50 others'," he said. "The President and I have never talked about it."

Tower said he will campaign for Ford in Texas, "legislative business permitting." He said, however, he expects major congressional battles this session over spending. He said he hopes, too, to get a bill passed deregulating the price of gas at the wellhead.

Tower also said former President Nixon will not have any role in GOP politics this year. "I doubt if President Nixon would choose to have any role . . . this year," he said.

January 19, 1976

The Honorable Bob Casey
House Office Building
Washington, D.C. 20515

Dear Representative Casey:

The League of Women Voters of Texas urges your support of full funding at authorized levels for the International Development and Food Assistance Act (HR 9005). The League firmly supports separation of military aid and security supporting assistance from development aid. These two distinctly different types of programs should be evaluated and determined separately--each on its own merits.

We believe the provisions of this Act are steps in the right direction to sound development assistance programs. We urge your active support of separate appropriations for the International Development and Food Assistance Act.

Sincerely yours,

Pauline Clarke
Chairperson, International Relations
League of Women Voters of Texas

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

S.o

memorandum

NOV 17 1975

Intern. Rel.

League of Women Voters Education Fund

TO: State League Presidents with copy for International Relations Chairmen

FROM: Ruth C. Clusen

DATE: November 12, 1975

I am writing to extend an invitation to your state board to select a League leader from your state to attend a national symposium the League of Women Voters Education Fund is holding February 2-4, 1976, at Wingspread, the Johnson Foundation Conference Center in Racine, Wisconsin. The purpose of the symposium is to give League leaders from all parts of the country an opportunity for an interchange with experts from developing nations, UN officials, State Department officials, academic specialists and representatives from business and labor on one of the most pressing global issues today--how to restructure global systems for more equitable distribution of world resources. The League, in its studies on trade, aid, and the United Nations, has long been involved in questions of international economic policy. This symposium will take an up-to-date look at global economic issues and their interrelationships.

Mrs. Ruth Hinerfeld, International Relations Chairman (on the board of the League of Women Voters Education Fund) is symposium chairman.

To help you and your board choose your participant the Planning Committee recommends that the following factors be considered:

- The participant must be prepared to carry out before the symposium an informal selective survey of public opinion in the community where she lives. She will be asked to watch her local newspapers for editorial comments and letters to the editor and to talk to leading members of her community. League participants will therefore be expected to contribute to the symposium a special expertise not easily obtained from other sources. They will bring to the symposium, from all the geographical areas they represent, a cross section of American impressions of the new international economic order and other outstanding issues in our relations with the Third World. (Sample questions will be sent directly to the League participant.)

- The participant should be familiar with the issues to be considered.

- The participant should have experience in working on International Relations for the League (state or local) and should have already demonstrated an ability to communicate with the public.

Contributions to the Fund are deductible for income tax purposes

- The participant must be willing and have the time available to continue working with Leagues on the issues covered in the symposium.

- The participant should show promise of further developing her capabilities as a League leader.

- Participants will be expected to share the knowledge they will have gained with members of Leagues in their states. Ideas for doing this will be discussed at the symposium. Cooperation of state boards will be sought to implement suggestions made at the symposium and adapt them for each state.

Conference facilities and funds allow for a maximum of 70 participants. The 50 states are being invited to send one participant each.

The symposium will open with a provocative explanation of the new international economic order by a representative of the Third World. At this opening session League members will report the results of their surveys and will address the basic questions and concerns to the policy makers and experts participating. In addressing the agenda topic "Where Can the System Give a Little?", experts will lead seminars on trade and investment, food and energy, and development assistance.

We will be able to cover most of the expenses of League participants. The Johnson Foundation is providing conference facilities at Wingspread, including luncheons and dinners. Contributions from several corporations and organizations (to be announced when confirmed) will make it possible for the League to provide lodging and breakfast for all participants. We will also defray 85% of the transportation costs for League participants from the 48 contiguous states. Regrettably, because of funding limitations, the League will be able to pay only up to $150 (the average cost of participants' travel) of the travel costs of League leaders from Hawaii and Alaska.

Enclosed is a registration blank which should be returned as soon as possible. Registrations will not be accepted if they arrive in the office after December 15.

If you have any questions, please write Annis Sandvos, International Relations Department, League of Women Voters Education Fund, 1730 M Street, N.W. Washington, D.C. 20036.

Hope to see your representative at Wingspread. Do not think snow!

Enclosure: Registration Blank

League of Women Voters Education Fund
1730 M Street, N.W.
Washington, D.C. 20036

REGISTRATION BLANK

FOR

WINGSPREAD SYMPOSIUM

February 2-4, 1976

The League leader to attend the symposium will be:

_____
name

_____
League function
(specify whether state or local level)

_____
street address

_____
city state zip

( ) _____
telephone

Member of _____
(local league)

PLEASE RETURN THIS REGISTRATION TO THE LEAGUE OF WOMEN VOTERS EDUCATION FUND BY DECEMBER 15, 1975.

OCT 27 1975

IR

THE UNIVERSITY OF MARYLAND
BALTIMORE COUNTY
INTERNATIONAL STUDIES PROJECT
and the
LEAGUE OF WOMEN VOTERS
OF MARYLAND
present

MARYLAND:

Preparing For International Citizenship

A CONFERENCE TO EXPLORE INTERNATIONAL INTERDEPENDENCE IN THE SEVENTIES

TO BE HELD ON
THE CAMPUS OF THE UNIVERSITY OF MARYLAND
BALTIMORE COUNTY

NOVEMBER 12, 13, 14, 1975

This conference is made possible by a grant from the Maryland Committee for the Humanities and Public Policy, a State-Based Program of the National Endowment for the Humanities.

Wednesday, November 12

MORNING SESSION

9:30 REGISTRATION

10:15 OPENING REMARKS & INTRODUCTIONS

10:30 OPENING ADDRESS: *"International Implications of the Population Explosion"*—The Honorable Joseph D. Tydings

Discussants:

David T. Lewis, demographer, UMBC

Brian Bradley, population ecologist, UMBC

11:30 QUESTION & ANSWER PERIOD

AFTERNOON SESSION

1:30 *"Depression and Inflation on Spaceship Earth"*—Gottfried Haberler, economist, American Enterprise Institute

Discussants:

William Becker, historian, UMBC

Lawrence Madaras, historian, Howard Community College

2:30 QUESTION & ANSWER PERIOD

3:00 *"Meeting the World's Energy Needs in the Year 2000"*—Howard J. Laster, astrophysicist, U. of Maryland, College Park and National Science Foundation

Discussants:

John P. Hewitt, Director, Maryland Energy Policy Office

Robert Burchard, microbiologist with special interest in the environment, UMBC

4:00 QUESTION & ANSWER PERIOD

Thursday, November 13

MORNING SESSION

"Interdependence and Human Values"

Format: Three presentations will be delivered simultaneously in three different locations. Each will be followed by two 10-minute commentaries by discussants in fields other than those of the lecturers, after which questions and comments from the audience will be entertained.

9:30 INTRODUCTION OF SPEAKERS

9:40 PRESENTATIONS:

Presentation I: *"Energy Resources and Human Values"*—James Grant, President, Overseas Development Council

Discussants:

Monroe Burk, economist, Foreign Service Officer 1948-73

Richard Rodes, Unitarian-Universalist minister

Presentation II: *"The Limitations of Agricultural Productivity and the Green Revolution"*—Vincent Roy McDonald, agricultural economist, Howard University

Discussants:

Hussein Fahim, sociologist, U. of Cairo and Center for International Studies, Pitts.

Frank L. Bentz, Vice-Pres. Agricultural Affairs, U. of Maryland, College Park

Presentation III: *"Interdependence and World Government"*—Neal Potter, economist, World Federalist, member of the Montgomery County Council

Discussants:

Roger Cochetti, Washington Associate, United Nations Association-USA

Frank A. Burd, political scientist, UMBC

11:30-1:00 LUNCH BREAK (arrangements for lunch can be made in the Student Cafeteria)

1:00 **KEYNOTE ADDRESS:** *"Prospects of Surviving on Spaceship Earth"*—Ambassador Charles W. Yost, Senior Fellow, Brookings Institution

1:50 QUESTION & ANSWER PERIOD

"World Trade for World Peace" **(2:30 - 4:30)**

Format: Four panel discussions will be held simultaneously in different locations. Each panel will have a moderator and four panelists. At the beginning of each, a member of the League of Women Voters will read a short statement from literature pertaining to the topic discussed. Each panel member will then have 10-15 minutes in which to deal with his or her topic, after which the group will have an opportunity to ask questions and contribute opinions.

Panel A: *"The Trade Act of 1974 and Multilateral Negotiations"*

Moderator: Virginia Cunningham, League of Women Voters, Prince Georges County

Statement: Bea Stowe, League of Women Voters, Montgomery County

Topic 1: *"Basis for Contemporary American Foreign Trade Policy"*—William Barraclough, Chief, Trade Agreements Division, U.S. Dept. of State

Topic 2: *"History and Role of Trade Negotiations"*—Raymond Garcia, Director, Emergency Committee for World Trade

Topic 3: *"Trade as a Political Issue Today"*—Ruth Hinerfeld, Chairman, International Relations, U.S. League of Women Voters

Topic 4: *"What is Wrong with the Gatt"*—Philip Trezise, Senior Fellow, Brookings Institution

Panel B: *"Obligations of Multinational Corporations"*

Moderator: Shannon Brown, economist, UMBC

Statement: Anna Bloom, League of Women Voters, Baltimore City

Topic 1: *"The Role of the Multinational Corporation in Promoting World Trade"*—Matthew Dillon (or Jack Caffee), McCormick Co., Baltimore

Topic 2: *"Legal Aspects of Multinational Corporations"*—Seymour Rubin, Fellow American Society International Law

Topic 3: *"Human Values in Multinational Corporations"*—John Tichener, philosopher, UMBC

Topic 4: *"Recent Trends in Operation of Multinationals"*—Jack Blum (or person he designates), Associate Counsel, Senate Foreign Relations Committee (subcommittee on Multinationals)

Panel C: *"Human Values and Trade"*

Moderator: Arlene Bearman, Economist, UMBC

Statement: Becky Lynch, League of Women Voters, Baltimore County

Topic 1: *"Social Justice and Trade"*—Joe Holland, Center of Concern, Wash., D.C.

Topic 2: *"A Farmer's View of International Trade"*—Jack Mathews, Maryland Farm Bur.

Topic 3: *Moral Obligations of International Trading Partners"*—Herbert S. Rutman, Rabbi, Har Sinai Congregation, Baltimore

Topic 4: *"Organized Labor's View of Trade"*—Thomas M. Bradley, President, Metropolitan Baltimore Council AFL-CIO Union

Panel D: *"The Future of the Port of Baltimore"*

Moderator: Bert Booth, Delegate to Maryland General Assembly, District 11

Statement: Cynthia MacDonald, League of Women Voters, Howard County

Topic 1: *"Importance of the Port of Baltimore"*—W. Gregory Halpin, Deputy Administrator, Maryland Port Administration

Topic 2: *"A Glimpse at the History of the Port of Baltimore"*—Norman G. Rukert, President Rukert Terminals Corp., Baltimore

Topic 3: *"The Businessman and the Port of Baltimore"*—James A. McComas, Director, Div. of Business and Industrial Development, Maryland Dept. of Economic Development

Topic 4: *"Future of the Port of Baltimore"*—John T. Starr, Jr., geographer, UMBC

Friday, November 14

MORNING SESSION

"The Role of Maryland Citizens in Helping Solve the World's Problems"

Format: Five workshops will be conducted simultaneously in different locations. The audience will be assigned to workshops according to preference. At the beginning of each workshop a member of the League of Women Voters will read a selection pertaining to the discussion from Lester Brown's book "By Bread Alone" (co-author Erick P. Eckholm). Then each workshop leader will present an agenda of policy proposals. Participants will comment and vote upon each proposal.

9:40 INTRODUCTION OF WORKSHOP LEADERS

10:00 WORKSHOPS BEGIN

Workshop I: *"Solving the Population Problem"*

Leader: Elizabeth K. MacManus, Chief, International Grants Div., Office of Population, AID, U.S. Dept. of State.

Statement: Dee Ruppenthal, League of Women Voters, Baltimore County

Workshop II: *"Feeding the People of the World"*

Leader: Dan Hungerford, American Friends, Baltimore.

Statement: Aurelia Burt, League of Women Voters, Baltimore County

Workshop III: *"Meeting the Energy Crisis"*

Leader: Merilyn Reeves, Member, National Energy Task Force, Maryland State League of Women Voters.

Statement: Phyllis Grimm, League of Women Voters, Baltimore County

Workshop IV: *"Achieving Balance in the World Economy"*

Leader: Padraic Frucht, Director, Div. of Economic Research, Department of Economic Development, Maryland.

Statement: Sally Johnson, League of Women Voters, Prince Georges County

Workshop V: *"Utilizing Individual Capability in an Interdependent World"*

Leader: Dale Balfour, President, League of Women Voters of Maryland

Statement: Claire Ann Kondig, League of Women Voters, Frederick County

AFTERNOON SESSION (Friday Continued)

"Summing Up"

1:30 Workshop leaders from morning sessions will present reports and results of voting

2:00 **SUMMATION ADDRESS:** *"Some Suggestions for Solving World Problems Discussed at this Conference"*—Peter Henriot, S.J., political scientist and Jesuit priest, Center of Concern, Washington, D.C.

3:30 CONFERENCE ADJOURNMENT

❖❖❖❖❖❖❖

STEERING COMMITTEE

Project Codirectors:

Frank A. Burd, International Studies Project, UMBC

Virginia S. Wolf, League of Women Voters of Md.

Program Director:

Charles Peake, Department of Economics, UMBC

Members:

Virginia Cunningham, League of Women Voters, Prince Georges County

Maravene Hamburger, League of Women Voters of Maryland

Ernest Murphy, USAID Project, Port Au Prince, Haiti

Conference Coordinator:

Stephen Weigert, Johns Hopkins University International Studies

International Studies, Project Coordinator:

Sandra O'Leary, Johns Hopkins University

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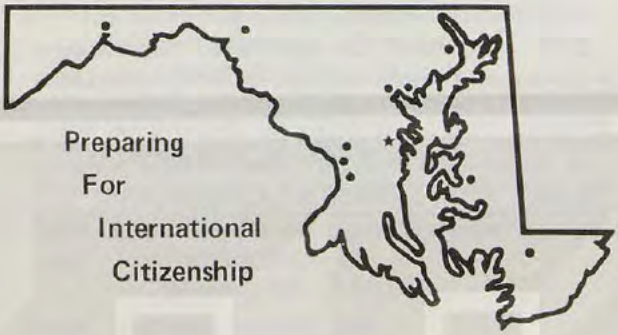
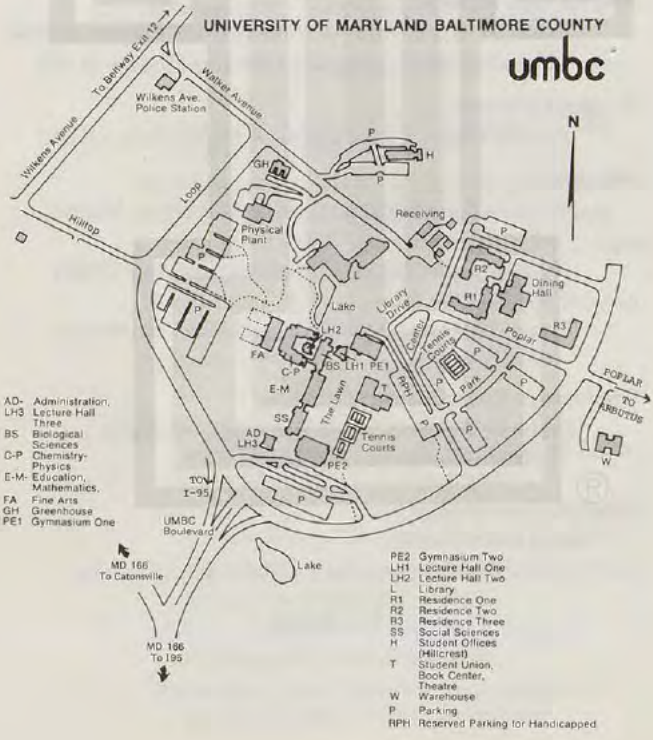
Maryland:



Preparing
For
International
Citizenship

UNIVERSITY OF MARYLAND BALTIMORE COUNTY

umbc



Place
Stamp
Here

International Studies Project
Dept. of Political Science
University of Maryland Baltimore County
604 AD
5401 Wilkens Avenue
Baltimore, Maryland 21228

REGISTRATION FOR CONFERENCE

"Maryland Preparing for International Citizenship"

November 12, 13, 14, 1975

Which of the morning discussions on Nov. 13 do you wish to hear? (List in order of preference, first, second, third).

I._____ II._____ III._____

Which of the afternoon panel discussions on Nov. 13 do you wish to attend? (List in order of preference, as above).

A._____ B._____ C._____ D._____

Which of the morning workshops on Nov. 14 do you wish to participate in? (List in order of preference, as above).

I._____ II._____ III._____ IV._____ V._____

Name:_____ Tel. No._____

Address:_____ Zip Code_____

Note: NO REGISTRATION FEE

For Information call (301) 455-2568

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

memorandum

NOV 3 1975

The League of Women Voters of the United States

THIS IS GOING ON DPM

OCTOBER 1975

TO: State and Local Leagues (Attention IR Chairmen)

FROM: Ruth Hinerfeld, Chairman of the International Relations Committee
Martha Aasen, UN Observer

Enclosed in this mailing is the United Nations Association-USA publication "The Seventh Special Session."

The Seventh Special Session of the UN General Assembly on Development and International Economic Cooperation marked a significant departure from the pattern of confrontation and acrimony which had characterized U.S.-developing country discourse in the UN during the past two years. Through intense negotiations in an atmosphere of conciliation, agreement was reached on many guidelines for potential future international economic cooperation.

"The Seventh Special Session" should be of particular interest to Leagues now engaged in the process of updating their members on recent UN history and the League's UN position.

A limited number of additional copies may be obtained at $1.00 each from UNA-USA, 345 East 46th Street, New York, N.Y. 10017. "The Seventh Special Session" also appears as an insert in Issues Before the United Nations General Assembly in 1975. That publication contains useful background information on the special session and the current session of the UN. $3.00 from UNA-USA.

Continuing review and analysis of what's happening at the UN is provided by The Inter Dependent, UNA-USA's monthly newsletter. $4.00 for annual subscription from UNA-USA.

NOV 3 1975

IR

UNITED NATIONS ASSOCIATION of the UNITED STATES of AMERICA

THE SEVENTH SPECIAL SESSION

OF THE UNITED NATIONS GENERAL ASSEMBLY
SEPTEMBER 1-16, 1975

A Report and Assessment
Published as a Supplement to
ISSUES BEFORE THE GENERAL ASSEMBLY OF THE UNITED NATIONS IN 1975

South Africa and the Maldives sent no delegations to S-VII.

A/Res. 3362 (S-VII)

At 4 a.m. on Tuesday, September 16 -- four days behind schedule -- 136 exhausted delegates to the Seventh Special Session (S-VII) of the General Assembly straggled out of a basement conference room at the United Nations in New York, their task finished. After 16 days of almost round-the-clock negotiation, they had agreed unanimously -- albeit with some carefully stated reservations -- on a 6,000-word resolution entitled "Development and International Economic Cooperation."

For more detailed background, see Chapter II of Issues Before the United Nations General Assembly in 1975 (UNA-USA, September 1975)

To an outsider, this masterpiece of economic jargon and diplomatic patchwork would be close to unreadable. But its mosaic of ideas, intentions and proposals -- and its promises of further negotiation and action -- were laden with historical possibility. For the subject in hand involved key issues of trade and development which, for two years past, had formed a sinister amalgam with the 1973 oil troubles, and the political passions of the Middle East and Africa, to generate a crisis of bitter recrimination and even threats of conflict between the developed countries (DCs) of the world's North and the increasingly assertive less developed countries (LDCs) of the South.

A/PV. 2349, Sept. 16

Later that morning, after a few hours' sleep, the heads of delegations filed into the main UN assembly hall for formal adoption of Resolution 3362 and a short round of speeches. Said US Ambassador Daniel P. Moynihan: "We have shown that we can negotiate in good faith....The system works." Said Abdelaziz Bouteflika of Algeria, the session's president and a leading exponent of Non-Aligned militancy: "Another decisive gain for the community of peoples in their struggle for more progress and justice."

As much as the hard-won compromise resolution itself, such benedictions from opposite political corners gave promise that the

dramatic two-year chapter of North-South confrontation was now at an end. The North had tacitly acknowledged the South's new oil-based power and, in cautious and measured terms, accorded new priority to some of the South's main economic claims. The South, in turn, had rejected the all-or-nothing counsel of its militant faction, accepted some significant ideas put forward by the North, and agreed to compromise or defer some of its own cherished objectives. Not once in the session had the LDCs used their overwhelming voting strength: there had been no voting. Not once had the US or any other Northern power renewed old threats to pick up its money and walk out. Nobody had surrendered, been humiliated, or done a victory dance. All had been done by negotiation, compromise and consensus.

What seemed in the making, still in fuzzy outline, was no less than an economic pact of peace between North and South, a peace of mutual advantage and mutual forbearance. But before such a peace could be realized, both sides must start a new chapter -- perhaps less dramatic but no less difficult. The patchwork generalities of Resolution 3362 must be sorted out, assigned priorities, and spelled out in a dozen negotiating forums. Only then would it be possible to know whether September 1975 had marked a mere truce or the beginning of a genuine peace.

The Background

The South's complaints against the North* are of long standing. They reflect ironies and misapprehensions on both sides. On an increasing scale all through the UN years, there have flowed to the LDCs from the industrial North -- through UN channels and otherwise, motivated by a mixture of political prudence, good business and simple good will -- varying kinds and amounts of development assistance. In addition there have been more massive, but more unevenly distributed, private investments whose net benefits are a subject of much disagreement.

Despite all these transactions, in most developing countries the pace of development soon fell visibly behind the bright expectations that had been aroused. Frustration mounted during the 1960s over the widening gap in per capita income between rich nations and poor. Many LDC leaders resented their inability to gain better control over their own countries' economic destinies, which they sometimes perceived as being decided mainly in the board rooms and government ministries of the North. LDCs began to reject the idea of aid as a mere act of benevolence and to insist on new trading opportunities, as well as financial aid, as a matter of right.

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*This paper omits discussion of the "East" -- the Soviet bloc and China -- whose role in these UN controversies has been limited mainly to adding verbal and voting support to the already crushing LDC majorities. On a world scale, their role as traders with, or sources of development assistance to, the LDCs remains minor.

The General Assembly, with its growing LDC majority, responded to this impatient mood. In 1964 it called the first UN Conference on Trade and Development (UNCTAD) and soon after established it as a permanent institution. In 1966 it created the UN Industrial Development Organization (UNIDO). In 1970 it proclaimed a detailed -- and in key respects controversial -- International Development Strategy (IDS) to guide both DCs and LDCs in the Second Development Decade. But these and other institutional actions, far from closing the North-South policy gap, only seemed to shed a harsher light on it. Major trade-and-aid targets of the IDS remained unmet. Both the Assembly and UNCTAD became pressure points for LDC claims and, on occasion, for one-sided voting victories over the North. Such numerical victories, far from conferring any real power of action on the victors, seemed merely to sharpen DC resentment -- especially in the United States -- and thus further erode public support for development aid. To make matters worse, as these storm clouds gathered in the Southern sky, the United States was increasingly distracted by war in Indochina and political-economic troubles at home.

A/RES. 2626 (XXV)

The storm broke in 1973 when the 12 nations of the Organization of Petroleum Exporting Countries (OPEC) acted in unison to quintuple the export prices of their crude oil -- effecting what soon appeared as a permanent shift of economic, and hence political, power.

Moreover, the diplomatic power of oil was supplemented by a working alliance between OPEC and the poor majority in the General Assembly. Thereby the oil exporters could deflect to the DCs some of the anguished appeals of the oil-importing LDCs, hardest hit of all by high oil prices. This they sought to achieve by enlisting the LDC majority in a campaign not just to benefit OPEC, but to promote a general shift of world economic power toward the developing South.

In this context the first call was sounded for what would become the Seventh Special Session of the General Assembly. It came in September 1973, just as the oil crisis was coming to a head, from the Algiers summit meeting of the Conference of Non-Aligned Countries -- a 75-nation grouping all of whose members are LDCs and among which, as members or observers, are almost all the members of OPEC. The proposal was for a special Assembly session in 1975 "at a high political level devoted exclusively to the problems of development." Couched in non-prejudicial language, it won the backing of the DCs at the General Assembly that fall and was adopted unanimously in December. The special session was set for early September 1975. With 20 months available for preparation, even the US saw possibilities of useful negotiation on troublesome development and organizational issues.

A/RES. 3172 (XXVIII)

But the road to September 1975 proved singularly rough. On January 31, 1974 Algeria, reacting angrily to a US call for a strategy meeting of major oil consumers, seized the initiative with an urgent request for a special Assembly session that very spring. The agenda -- "raw materials and development" -- was designed to further cement the new OPEC-LDC alliance. With Washington in a crisis of leadership, the hastily prepared Sixth Special Session (S-VI) met in New York in April. On May 1, 1974 it adopted, without a vote but only after vain DC resistance, a crusading manifesto entitled "Declaration and Program of

A/Res. 3201 and 3202 (S-VI)

Action of the New International Economic Order" (NIEO). This new document went beyond the IDS of 1970 on such tough questions as nationalization, commodity producer cartels, "indexation" of LDC export prices to the rising prices of DC exports, and even "restitution" for past "alien and colonial" exploitation. Thenceforward the NIEO became a central document in the position of the UN majority on exonomic issues. Last fall the same themes were included in the Mexican-sponsored Charter of Economic Rights and Duties of States (CERDS) which the Assembly adopted on a bitterly divided vote.

Annexed to A/Res. 3281 (XXIX)

Yet the negotiating spirit was not dead. Rather, each side, aware of the other's power, seemed to be jockeying for position. For a time the US concentrated on attempts to reduce OPEC's grip on Northern energy markets and its influence among the poorer LDCs. This approach scored no early success. In April OPEC, true to its grand alliance, refused to parley with the major oil-consuming countries' new International Energy Agency (IEA) over oil prices and supplies unless other raw materials were also on the agenda. After much soul-searching Washington joined its IEA partners in accepting the essence of this OPEC position.

Meanwhile, in a similarly conciliatory mood, the US decided early in 1975 to prepare much more thoroughly and constructively for S-VII than it had for S-VI of painful memory. Undaunted by the still militant posture of the LDCs (at UNIDO's general conference in Lima in March still another LDC manifesto had been pushed through against a lonesome "no" from the US), Washington kept a high-level interdepartmental policy committee at work all spring and summer preparing positions for S-VII and for related economic conferences elsewhere. In a series of speeches from May to August, Secretary of State Kissinger -- even while bluntly disputing some cherished LDC concepts -- began to unveil a new and more forthcoming US policy on such key issues as commodity trade. A similar evolution had been under way among the nine nations of the European Community. Meanwhile the LDCs, through their caucus known as the Group of 77 (an obsolete name; it now includes 105 nations), were formulating their own proposals. By July, when the Economic and Social Council (ECOSOC) held its annual Geneva session, North and South were able to agree on a list of six topics: (1) trade, (2) monetary reform and development finance, (3) science and technology, (4) industrialization, (5) food and agriculture, and (6) restructuring of the UN system.

Distributed as A/10112, June 13

Especially to OECD, Paris, May 28 (State Department press release 302)

E/Res. 1980 (LIX), July 31

Beyond the bare bones of these topics, detailed papers appeared during July and August -- first from the 77, then from the European Community, the Commonwealth and others -- proposing actual language for the decisions of S-VII. Of the major participants in the preparatory committee, only the US delegation remained mute. US diplomats, themselves largely in the dark, dutifully fended off inquiries with one answer: "Wait for the Kissinger speech."

First embodied in E/AC.62/L.4 and annexes, Aug. 11

The Special Session: Ingredients for Negotiation

As foreign ministers and delegates gathered on September 1, despite the new hope in the air experienced hands knew full well that the North-South economic gulf was still wide, and that two weeks would

not close it. The most that S-VII could achieve would be a compromise resolution setting broad guidelines for further negotiation.

Annex I of A/10003/Add.1 (Part I), Aug. 29

On the opening day, only one formal proposal lay before the Assembly, that of the Group of 77. Conspicuous in it were favorite NIEO proposals known to be unwelcome, or downright unacceptable, to the US and other DCs; for example:

-- an "integrated" approach to price supports for an entire group of LDC commodity exports;
-- "indexation" of LDC export prices to tie them to rising prices of DC manufactured exports;
-- DC official development assistance (ODA) to reach the IDS target of 0.7 percent of GNP -- over twice the present level -- by 1978;
-- creation by the International Monetary Fund (IMF) of extra amounts of special drawing rights (SDRs) as an "automatic" source of financial resource transfers to LDCs -- the so-called "SDR link";
-- negotiated "redeployment" of some DC industries to LDCs.

A/AC.176/2, Sept. 4

Next the European Community produced a paper with comments on, and some revision of, the Group of 77 draft. But the main response must be from the United States. Dr. Kissinger, busy completing the Sinai disengagement pact, kept his place on the first-day speakers' list and instructed Ambassador Moynihan to deliver his speech.

The Kissinger Proposals

The speech was of monstrous length -- nearly 10,000 words, an hour and 40 minutes in delivery. Among the proposals crowding its pages were these:

-- Commodities. Rejecting price-fixing arrangements as a cure for the gyrations of commodity export prices, Kissinger proposed to replace the IMF's inadequate "compensatory financing" program with a Development Security Facility which would lend up to $10 billion in four years -- presumably at less than commercial interest -- to compensate LDCs for shortfalls in their export earnings. For the poorest nations the loans could be converted into grants. In addition, the US would sign a new international tin agreement, negotiate for further agreements on coffee, cocoa and sugar, back liberalized IMF financing for commodity buffer stocks, and support new "consumer-producer forums" to deal with supply and demand problems in copper and other key commodities.

-- Trade barriers. To favor LDC manufactured exports, Kissinger announced that the US would implement its somewhat flawed generalized system of preferences next January 1. In the current multilateral trade negotiations he called for relaxation of non-tariff barriers in favor of LDCs; offered to accept some LDC export subsidies for limited periods without countervailing duties; stressed priority for reducing tariffs on tropical products; and offered to reduce "escalation" of tariffs according to value added by processing. For such benefits he asked something in return: security of supply through "supply-access commitments as part of the reciprocal exchange of concessions" in the MTN.

-- Development finance. Kissinger ignored the controversies over targets for official development aid and "automatic" aid through SDRs. He promised new US money for the regional development banks, for the UN Natural Resources

Revolving Fund, and, if "others" would do their part, to replenish the World Bank's soft-loan International Development Association. But above all he stressed private enterprise. He called for quadrupling (to $400 million) the capital of the International Finance Corporation (IFC), the World Bank group's lending arm for LDC business enterprise; proposed an international investment trust under the IFC to mobilize capital for LDC enterprises; urged a new World Bank group effort to raise $2 billion a year for LDC raw materials development. And he urged new negotiations for "balanced standards of conduct" to improve relations between transnational corporations (TNCs) and LDC hosts.

-- Technology. Kissinger proposed an international energy institute to help LDCs develop new energy sources; an international industrialization institute; technical aid for non-food farm and forest products exported by LDCs -- jute, cotton, rubber, etc., all hard pressed by synthetic substitutes; increased health, nutrition and family planning services to LDCs at the community level; and an international center for exchange of technological data.

-- Food and agriculture. Kissinger called anew for establishment of world food reserves including 30 million tons of wheat and rice. To help LDCs grow more food, he said Congress would be asked for $200 million, on a matching basis, toward the proposed $1 billion agricultural development fund. He renewed the US pledge of 6 million tons of emergency food aid toward the 10-million-ton world target for 1975. Finally, he suggested a massive effort to reduce post-harvest waste of food through better storage and preservation.

-- UN restructuring. Kissinger called for "widely shared" decision-making power in "areas basic to the welfare of others" -- pointedly mentioning oil along with trade and finance. He called for decisions by consensus in the General Assembly but by vote in the World Bank group "where voting power is related to responsibility." He endorsed a restructuring of UN economic institutions along the lines of the "group of 25" experts' report, and urged the Assembly to act on this matter in 1976.

E/AC.62/9, June 1975

It was a remarkable document -- addressed to, yet looking beyond, the immediate occasion. Its lofty auspices were made explicit by references to President Ford, Treasury Secretary Simon, and a special Congressional advisers' group.* It was ingenious in moving the US toward some key LDC concerns without banking too much on a third-world-weary Congress. It was blunt in rejecting commodity price-fixing -- and even blunter in warning lest new oil price rises erode the DCs' will to aid the LDCs. Unwilling to write off oil-importing LDCs as vassals of OPEC, it offered the "poorest" countries new benefits on food, energy and health. It boldly championed private investment -- not a fashionable theme in the Group of 77 -- and equally boldly upheld the commodity consumer's interest in security of supply. Some proposals might be diplomatic non-starters, at best seeds planted for the future. But the immediate message -- clearly understood by the UN delegates -- was that the US intended to negotiate.

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*Congressional advisers on the US delegation were: Senators Javits, McGee, Percy, Bellmon, Dole, Packwood, Humphrey, Clark, Domenici, Glenn and Morgan; and Representatives Diggs, W.J. Green, Buchanan, Biester, Whalen and Obey. On Sept. 11 Messrs. McGee, Javits and Diggs urged Congress and the public "to view favorably the Administration's constructive efforts to join in an international undertaking to improve economic prospects of mankind."

The Making of Resolution 3362

Clearly, the Kissinger ideas now had to be translated into resolution form and married by ingenious drafting with those already circulated by the Group of 77 and the Europeans. But the US delegation, lacking instructions, marked time until Kissinger -- home at last from the Sinai negotiation -- met with them in New York on Friday, September 5, and made clear his aim was to emerge from S-VII with a consensus document. Moynihan and his staff thereupon spent the weekend revising the Group of 77 text: deleting or softening unwanted provisions, borrowing useful language from the European paper, and splicing in as many of the Kissinger ideas as the traffic would bear. The result, circulated on Monday, signaled the start of serious talks.

Ad Hoc Committee Working Paper No. 10

All through the second week bargaining proceeded in working groups. Many tradeoffs were arranged, but on September 12, the date set for adjournment, key issues of trade and aid remained deadlocked. At this point there arrived from Washington Thomas O. Enders, Assistant Secretary of State for economic affairs and a reputed hardliner. In a tense "summit" negotiation lasting all weekend, he and Ambassador Moynihan faced a top-level delegation from the Group of 77, headed by Manuel Perez Guerrero of Venezuela. In this phase the US began to draw back from some of its apparent concessions in Working Paper 10. Hardliners among the 77, led by Algeria and Iraq and egged on by the Soviet Union, were all for using the Americans' backward step as an excuse to retaliate by withdrawing all concessions and reverting to the original 77 text. To prevent this disaster, the 77's moderate leaders must have some visible concessions from the North on key LDC points in dispute -- all of them high on Washington's anathema list. As Monday dawned one issue, price indexation, had been compromised; but on commodity integration, the 0.7 percent aid target and the "SDR link," neither side would budge. Only after learning that night of discreet soundings in Congress, which showed no hope of acceptance for the LDC demands, did Perez Guerrero and his colleagues opt for consolidating their gains in a consensus document. In the wee hours before dawn Tuesday, the deal was made. Some points dear to the 77 would remain in the text in words not accepted by the US and other Northern members; the objectors would state their reservations in the record of S-VII, but not in plenary session; and the resolution would be adopted by consensus.

In the patchquilt of Resolution 3362, each side had its gains and losses. The 77 could point to one more endorsement of the NIEO and the Lima declaration, and to such ideas as price indexation, the 0.7 percent aid target, the "SDR link," easing of debt burdens, activation of the languishing UN special fund for the hardest-hit LDCs, a "code of conduct" for transfer of technology, revision of patent conventions, "redeployment" of industry to LDCs, and making UNIDO into a specialized agency. Most of these points were much attenuated by compromise and by the detailed reservations of the US and other Northern delegations. But their survival in the text had symbolic value and possibly more than that.

US reservations in USUN press release 93, Sept. 16

On their side the Americans could point to inclusion, in one form or another, of no less than 15 proposals from the Kissinger speech -- among them the development security facility, promotion of private investment in LDCs through the World Bank and IFC, the technological information center, special aid to LDCs in food, health, post-harvest food preservation, agricultural research and food security. Equally significant was the watering down of the most unwelcome LDC proposals.

However, microscopic study of Resolution 3362 can be misleading. Like all Assembly resolutions, it is legally non-binding, all the more so in view of the accompanying reservations in the record. Much of its language is purposely ambiguous. In its treatment of specific issues it is at best a snapshot of the negotiating situation at a particular moment. What gives it its rare importance is less the detailed picture than the moment of history which it records, when two major world forces chose to turn toward reconciliation.

The Outlook

S-VII could not have hoped to end North-South tensions. But it palpably moderated them by its strong emphasis on interdependence and the need to negotiate stable economic relationships. The consequences will crowd the negotiating calendar for years to come. Even the current 30th General Assembly will receive an interim report on efforts to restructure the UN system (a final report is due a year hence) and will debate a new item, likely to be an annual fixture, on "implementation" of Resolution 3362.

More substantive work will proceed elsewhere: in the multilateral trade negotiations; in further wide-ranging negotiations in the World Bank group; in preparations for UNCTAD-IV next May; in talks next year on a constitution for the proposed UNIDO specialized agency; and in the World Food Council. Also, and crucial to the whole enterprise, two lines of negotiation will proceed outside the UN. The energy-and-raw-materials talks, involving OPEC, the IEA and other LDCs, will start in Paris in December. And the leading economies of the North will discuss coordinated policies to spur their still lagging growth, on which LDC export markets will vitally depend.

The coming complex of negotiations will test the readiness of both North and South to follow through on Resolution 3362 -- and, indeed, to meet each other's main concerns even beyond the scope of that document. For the North, secure access to raw materials is likely to weigh most heavily. For the South, trade, capital, technology, and a bigger share in decision-making will be the priority issues. In addition, both sides may try again for ground rules on the place of TNCs in development.

On most such matters a key question will be the attitude of Congress, more than ever claiming parity with the executive in foreign affairs. As Enders told a UN press conference just after S-VII, many of the Kissinger proposals will require "Congressional action or concurrence." The action of Congress will ultimately reflect its predominant attitude on a basic question: Does a prudent calculation of the national interest call for a substantial American effort toward more constructive North-South relations? In recent years the Third World, especially in its actions in the Assembly, has often been perceived as menacing American well-being and offending American pride. But the nations composing it are half the human race. Their interests demand constructive collaboration by the developed countries on terms both sides can accept. Failing such collaboration, they have shown themselves capable of actions harmful to the interests of all. The destinies of North and South are thus interlocked. The working out of terms on which to pursue a common destiny will require many countries, including the US, to think anew.

USUN press release 96, Sept. 16

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1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

AUG 13 1975

IR

memorandum

The League of Women Voters of the United States

THIS IS GOING ON DPM
August 1975

TO: State and Local Leagues (Attention IR Chairmen)

FROM: Ruth Hinerfeld, Chairman of the International Relations Committee
Martha Aasen, UN Observer

This mailing includes five enclosures related to IR program:

1. The LWVUS Committee Guide, What to do About the UN Updating
2. Flyer on the Foreign Policy Association's Great Decisions 1976 booklets
3. UNA-USA order labels for the annual survey Issues before the 30th General Assembly of the United Nations
4. Flyer on the UNA-USA's monthly newspaper The Inter Dependent and the commemorative book UN 30
5. Flyer on the Overseas Development Council's The U.S. and World Development: Agenda for Action 1975.

This material is provided to help you plan your IR activities this year.

The LWVUS Committee Guide contains references and materials selected to provide information and ideas on the UN for those Leagues planning to update their members on UN issues.

file
I.R.

August 8, 1975

The Honorable Abraham Kazen, Jr.
Hpuse of Representatives
Washington, D.C. 20515

Dear Mr. Kazen:

The League of Women Voters of Texas urges your support of the International Development and Food Assistance Act, soon to be reported out of the House International Relations Committee. The League has long sought a clear separation of military and security supporting assistance from development aid.

This Act seems to take several steps in the right direction by utilizing multilateral and bilateral aid for the poorest people in developing countries and integrating the Food for Peace Program with agricultural development in developing countries.

We feel this legislation is needed, and we urge your support.

Sincerely yours,

Betty Anderson
President, League of Women Voters of Texas

cc: Pauline Clarke
LAD
LWV-US

OCT 3 1975

IR

September 10, 1975

The Honorable George H. Mahon, Chairman
House Committee on Appropriations
H-218, The Capitol
Washington, D.C. 20515

Dear Mr. Mahon:

The League of Women Voters of Houston enlists your support of HR 9005, The International Development and Trade Assistance Act of 1975. It is a significant step in directing U.S. aid toward a solution to the world food crisis and in keeping our commitment to the agreements reached at the World Food Conference in Rome last year.

We especially urge you to report a bill that provides a clear-cut separation of military aid and security supporting assistance from development aid. Long range economic and social progress is better achieved apart from the political leverage of military aid.

We look forward to the passage of HR 9005 as sound domestic and international policy.

Sincerely yours,

Mrs. Madeleine Appel, President

Mrs. Anne Deidrick, Chairman
International Relations

bcc: League of Women Voters of the U.S.
League of Women Voters of Texas
Pat Lawson
Anne Deidrick
Dorothy Lockwood
RC file

(Same letter sent to Sen. John L. McClellan, Chairman of Senate Committee on Appropriations)

SEP 29 1975

26 September 1975 IR

The Honorable John G. Tower
The United States Senate
142 Russell Senate Office Bldg.
Washington, DC 20510

ATTEN: Michael Hemphill

Dear Mr. Hemphill:

Attached are two pieces of information which mi might prove useful to you and Sen. Tower in your evaluation of HR 9005, entitled "The International Development and Food Assistance Act of 1975."

The League of course is pleased that Sen. Tower favors development and has no problems with the separation of development from military aid. I will be in touch with you again as the bill approaches a vote in the Senate.

Sincerely,

Gwen Murphree
Director, member Bd. 7.
LWVUS

cc: LWV Texas

SEP 26 1975

Sheila -
I mail you same copy
as this from Wisconsin

SO. I12

September 23, 1975

Betty Shaffet, President
League of Women Voters
Roslyn, New York

Dear Ms. Shaffet:

We have received your letter concerning the resolution passed at the New York State Convention calling upon Leagues throughout the United States to take a strong stand against the attempts of Arab governments to influence enployment opportunities, education, etc. on the basis of ethnic origin.

In our next mailing to all the presidents of the local leagues in Texas we will be happy to include a description of your resolution and what you hope to accomplish by bringing this to the attention of all Leaguers, along with the two questions you would like each League to answer. Our next mailing will be sent in late October and this will be included.

I hope the response you receive from members all over the country will be gratifying for it is certainly a chance to reaffirm our principle that "no person should suffer legal, economic or administrative discrimination."

Cordially,

Meg Titus, Program Vice President
League of Women Voters of Texas

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

NOV 20 1975

memorandum

IR

The League of Women Voters of the United States

November 17, 1975
THIS IS GOING ON DPM

TO: State and Local presidents

FROM: Ruth C. Clusen, President, and Ruth Hinerfeld, International Relations Chairman

The following letter was sent to President Ford following the November 10 UN General Assembly vote equating Zionism with racism. The same letter was sent to Secretary of State Henry Kissinger, Ambassador William Buffum, Ambassador Daniel P. Moynihan and other members of the U.S. Mission to the United Nations. We sent a very similar letter to Senator John Sparkman, Representative Thomas E. Morgan, and Representative Donald Fraser.

Dear Mr. President:

The League of Women Voters of the United States wishes to go on record as vigorously opposing the recent UN vote equating Zionism with racism. The resolution is undoubtedly one of the worst mistakes the UN General Assembly has made to date It accomplishes nothing for its proponents and creates an emotional divisiveness which erodes the General Assembly's ability to act as a constructive force in international relations.

The League has supported U.S. participation in and the strengthening of the United Nations since the UN's earliest days, but recent events have caused many of our members to question their long-time support.

We commend the U.S. State Department and the U.S. Mission to the United Nations for having worked hard to postpone the vote until a later date and to explain to other UN delegates the seriousness with which passage of the resolution would be taken by the U.S. public. We only wish your efforts had been successful.

We agree with State Department spokesmen who have warned against a hasty U.S. reaction which would act against U.S. interests. More than ever before, the United States needs an international organization capable of coping with the complex and interrelated economic and political problems facing all nations of the world. We wish to urge you, despite this most recent setback, to continue working within the Security Council, the General Assembly, and in UN specialized agencies and committees toward a fulfillment of the purposes upon which the United Nations was founded.

Very respectfully yours,

Ruth C. Clusen
President

LWV of Texas
October 1975
LL Presidents Mailing
I.A.1.
Administration
Action-National

TO: Local League Presidents
FROM: Meg Titus, LWV-T Vice-President, Program
RE: LWV of Roslyn, N.Y. has written us asking that local Leagues in Texas respond to the following:

A resolution was resoundingly approved at the recent New York State League Convention calling upon all Leagues in the United States to take a strong stand against the attempts of Arab governments to influence employment opportunities, education, and the conduct of business of American citizens, solely on the basis of ethnic origin. Delegates to the New York convention were responding to recently increased efforts by Arab governments to exclude Americans of Jewish extraction from governmental agencies, companies, and institutions of higher learning. Their resolution represents a reaffirmation of the basic League principle that "...no person should suffer legal, economic, or administrative discrimination."

Since this is an issue of concern to all Leaguers across the country, the LWV of Roslyn, New York has asked each local League president to ask for answers to the following questions and send your findings to them as soon as possible:

1) Has there been local press coverage on this issue?
2) Have you heard of incidents or people who have been affected?

Please send your response and member reaction to:

Betty Shaffet, President
210 Revere Road
Roslyn Heights, New York 11577

JUN 30 1975

This is going on DPM

July 18, 1975

STATEMENT TO THE HOUSE COMMITTEE ON INTERNATIONAL RELATIONS
by
RUTH C. CLUSEN, PRESIDENT
LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
on
FOREIGN ASSISTANCE

Mr. Chairman and members of the committee. I am Ruth Clusen, President of the League of Women Voters of the U.S., and I am here today on behalf of the League's 145,000 members to discuss five policies essential to a sound development assistance program:

- A clear-cut separation of military aid and security supporting assistance from development aid - separation in authorization, appropriations and administration;
- Multi-year authorizations and adequate appropriations for foreign economic assistance at requested levels;
- The use of loan reflows for expanded international and U.S. technical assistance to aid agricultural development in developing countries;
- Better linkage of the Food for Peace program and development assistance; and
- Full implementation of programs to integrate women into the development process.

First, let me say (having just returned from the International Women's Year Conference in Mexico City) that I am particularly grateful for this opportunity to talk about foreign assistance. This conference undeniably demonstrated to me how vast a gulf there is between women in developed nations and the third world. For two weeks representatives from nearly 100 developing countries hammered home an overriding theme - a better life for most women of the world can only be achieved through massive economic gains in their countries. While American women may speak of the need to enter the corporate board rooms and to achieve social equality, their sisters in developing nations see women's issues with different eyes. So difficult is their economic plight that their needs focus on rock bottom basics such as growing enough food or walking miles each day for water just to survive. If we ever hope to speak the international language of peace and to see international problems through the same eyes then we must bridge the deep chasms between rich and poor nation - and the best material for such a bridge is a good foreign assistance program.

The League's long involvement in international development issues centers upon an abiding concern for better mutual understanding and cooperation between the United States and the rest of the world. Current membership agreement reiterates long standing League support for increased U.S. multilateral and bilateral help to developing nations and calls for policies to emphasize the quality of life and focus on human needs in aid programs.

League members recognize that population pressures affect all aspects of the development process. The League supports U.S. efforts to assist other nations in their population planning programs, in accordance with the culture and mores of each country.

The League also emphasizes strongly the importance of programs for nutrition, health and education. However, aid alone is not enough. The gross disparity in trading positions between developed and developing countries must be narrowed through a broadened economic base and improved standards of living in the third world. A significant step in this direction is the granting of generalized tariff preferences to developing countries.

SPECIFIC RECOMMENDATIONS

(1) The League of Women Voters advocates a clear-cut separation of military aid and security supporting assistance from development aid - separation in authorization, appropriation and administration. The deliberate blurring of these two distinct types of programs creates public confusion between aid to promote long range economic and social progress by developing countries and "foreign aid" for military and political reasons. It is difficult to assess effectiveness when foreign aid for short-term military and political purposes is lumped together with long-term development goals. Moreover, aided nations resent the use of U.S. military and political assistance as levers to influence their domestic policies.

We believe that if the U.S. continues to package development, military and supporting assistance into one bill, support for people-oriented development programs will continue to be undermined by the public disillusionment that is the aftermath of Vietnam. National policies on development aid and military and security assistance should be evaluated and determined separately - each on its own merits.

Another reason for advocating program separation is that members of Congress should not face the dilemma of having to accept "all or nothing." Voting for the programs separately would promote political accountability - the essence of representative government.

A survey conducted in December 1974 by the Chicago Council on Foreign Relations indicated a majority of Americans support aid for economic development and technical assistance.[1] The survey showed a lack of public support for "foreign aid" as a means to help U.S. national security or prevent the spread of communism. However, 79% of the public said they favored economic aid if assured it got down to the people. The League believes that the new focus of aid, largely as the result of this committee's directives in the last few years, reflects this concern with formulating programs that reach the people.

(2) The League supports full authorization levels requested by the administration. An important objective this year should be to narrow the gap between reasonable authorization levels and inadequate appropriations. We deplore the deep cuts in development assistance after the programs have been fully justified. These cutbacks of recent years have seriously undermined the ability of the U.S. to meet outstanding commitments to many developing nations. The hardest hit programs have been in areas such as food and nutrition, population and education, and international development assistance - programs directed to the most fundamental problems facing the world.

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[1]John E. Reilly, editor, American Public Opinion and U.S. Foreign Policy 1975, The Chicago Council on Foreign Relations, March 1975.

The level of development assistance should reflect a reasonable U.S. share in relation to development needs and to what other developed nations are doing. The June 1975 report by the Development Coordination Committee,[2] mandated by Congress, showed that total development assistance and private capital flows to developing countries in 1973 was about six-tenths of one percent of U.S. gross national product, and official development assistance was less than a quarter of one percent. This represents a substantial decline in U.S. foreign aid; for example, U.S. development aid in 1963 was $3.6 billion while in 1973 the official aid was about $1.6 billion in 1963 dollar terms.

While U.S. aid has fallen in recent years, other developed nations have maintained or increased their foreign aid. Today, the U.S. ranks 14th among the 18 major western donors in percentage of GNP devoted to development assistance. Between 1973 and 1974, member nations of the Development Assistance Committee (Canada, France, Germany, Japan, Netherlands, Sweden, United Kingdom, and the U.S.) and the 13 OPEC countries increased official development assistance by an estimated 2 billion dollars. Even so, international development aid has been far short of the requirements of developing countries. Their needs for external aid have increased dramatically as a result of higher prices for oil, fertilizer, food and capital goods. At the same time, the demand for their exports has fallen and their balance of payments deficits risen to about $24 billion. The poorest nations, identified as those "most seriously affected" (MSA's) by recent economic conditions, have been caught in a crunch between an inability to grow sufficient crops to feed their people and insufficient foreign revenues to import high priced food and other basic necessities.

The United States, then, must maintain adequate levels of foreign economic assistance. In an interdependent world, this country cannot turn its back on the aspirations of a vast majority of the global population. Development aid is not a luxury, but an integral part of U.S. relations with other nations. Without a program of economic assistance to developing nations, the United States international trade position and the U.S. economy would suffer. The U.S. cannot withhold aid to these nations and expect them to continue to supply us with necessary raw materials and overseas markets for our goods. In a very real sense, foreign aid is an investment - an investment in America as well as an investment abroad. While expanded U.S. exports and access to raw materials are important, the long-range development of third world nations, within an equitable global economic system, is absolutely essential to world peace.

The League endorses the Murphy Commission[3] recommendations for improvements in the congressional process of program authorization and appropriations for foreign economic assistance. One step Congress could take to simplify procedures would be to adopt multi-year authorizations for development programs.

Foreign economic assistance is not a program that can be turned on and off. In the past, delays in authorization and appropriations have disrupted the continuity of administration and long-term commitments which must accompany development assistance.

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[2] Development Issues - First Annual Report of The President on U.S. Actions Affecting the Development of Low-Income Countries, prepared under the supervision of the Development Coordination Committee, transmitted to Congress, May, 1975.

[3] Commission on the Organization of the Government for the Conduct of Foreign Policy, Robert D. Murphy, chairman, June, 1975.

Another advantage of multi-year authorizations is that they would free the committee to exercise its oversight responsibilities in a more detailed and thorough manner. The League also thinks it is appropriate to combine authorization and appropriations into a single process, particularly in light of the newly instituted budget process. The League is concerned that adequate foreign assistance will be on the chopping block when overall Congressional budget priorities are reconciled. We firmly support representation of the House International Relations Committee on the new Budget Committee in order to improve the consideration of interrelated domestic and international issues.

(3) The League recommends that the direct repayments of previous AID loans be committed towards the establishment of an International Fund for Agricultural Development and bilateral food and nutrition programs. We applaud members of Congress who have proposed this recycling of funds for development purposes in order for the U.S. to meet its pledge at the World Food Conference. Present law requires these loan reflows be deposited to the U.S. Treasury. The League recommends that the law be changed so that reflows, which will amount to about $360 million in 1976 and $400 million in 1977, will support this international initiative to help nations finance development projects and to increase U.S. bilateral agricultural assistance.

The World Food Conference approved, with U.S. support, creation of the International Fund for Agricultural Development. The target date for opening the Fund is January 1976, by which time it is proposed that a minimum of $1.25 billion will have been raised equally from developed and OPEC nations. The Fund could represent a new partnership between developed and newly rich oil producing countries towards a common obligation to assist the third world.

Congressional action in support of the Fund would signal a U.S. commitment to concrete proposals coming out of the Rome Food Conference and generate momentum from other nations to end the rhetoric and begin construction of a worldwide system to combat a worsening global food crisis.

The U.S. share towards establishment of the Fund is expected to be about $200 million. One obvious advantage of using reflows for the U.S. contribution is that new authorizations for foreign aid would not have to be revised upwards.

(4) The League supports reform and expansion of the Food for Peace program and its linkage to long-range agricultural development in developing nations. We urge the committee, therefore, to consider the major legislative proposals in HR 2492 and HR 8251 - discussion bills introduced by Congressman Zablocki.

In HR 2492, we specifically endorse self-help provisions which would require consideration of measures designed to develop poor rural areas and promote small-farm agriculture through the use of PL 480. We also support continuation of the 70/30 split in Title I to guarantee that the major portion of concessional food goes to the neediest countries. Provisions in HR 8251 which the League supports include:

- Establishment of priority uses of PL 480 to give preference to humanitarian and development programs;
- The concept of a new Title III in which a recipient nation could use the proceeds from Food for Peace sales to bolster its agricultural development;
- Guaranteed minimum annual level and multi-year commitments for PL 480 shipments consistent with U.S. responsibility to meet world-wide food shortages, particularly in the neediest nations;
- Establishment of an international disaster reserve.

(5) The League endorses requirements that AID and U.S. representatives to international organizations encourage and promote the integration of women into national economies of foreign countries. We refer to amendments of the Foreign Assistance Act (Section 113 and 305), known as the Percy Amendments. These amendments provide also for equal opportunity for women in professional and policy-making positions in the organizations themselves. Policy directives to implement the Percy Amendments have been issued, and we urge this committee to exercise its oversight responsibility to ensure that the provisions are effectively implemented.

These amendments are not a political gesture to feminists but underline the growing awareness among donor and recipient nations of the importance of women in the development process and the effects that economic development and foreign assistance can have on the actual and potential roles and status of women.

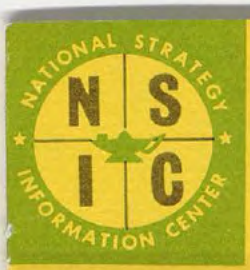
My experiences at the International Women's Year Conference in Mexico City sharpened my perceptions of the vital role of women in developing nations. For while we here in the United States are continually seeking to improve opportunities for women, developing nations must wrestle with more basic problems - problems of high mortality rates, illiteracy and severe economic hardships.

The U.S. delegation to Mexico City introduced and the Conference adopted a resolution concerning women in development. It called on world agencies and nations to:

- give special attention to programs which fully integrate women in the development process;
- incorporate in their development assistance programs an impact statement of how programs affect women as participants and beneficiaries;
- establish a system to measure progress of the integration of women in development and;
- employ women on the staffs and in decision-making positions in the implementation of these programs.

Adoption of this U.S. resolution represents a common bond between women in developed and developing nations for its concepts transcend cultural differences and political ideologies. The League of Women Voters wholeheartedly endorses the resolution and will support programs to implement its goals.

Again, I would like to thank you for the opportunity to voice our concerns in this area and to reaffirm our strong support for responsible participation by the United States in bilateral and multilateral development assistance programs.



AGENDA

SEVEN TRACKS TO PEACE IN THE MIDDLE EAST

Frank R. Barnett

National Strategy Information Center, Inc.
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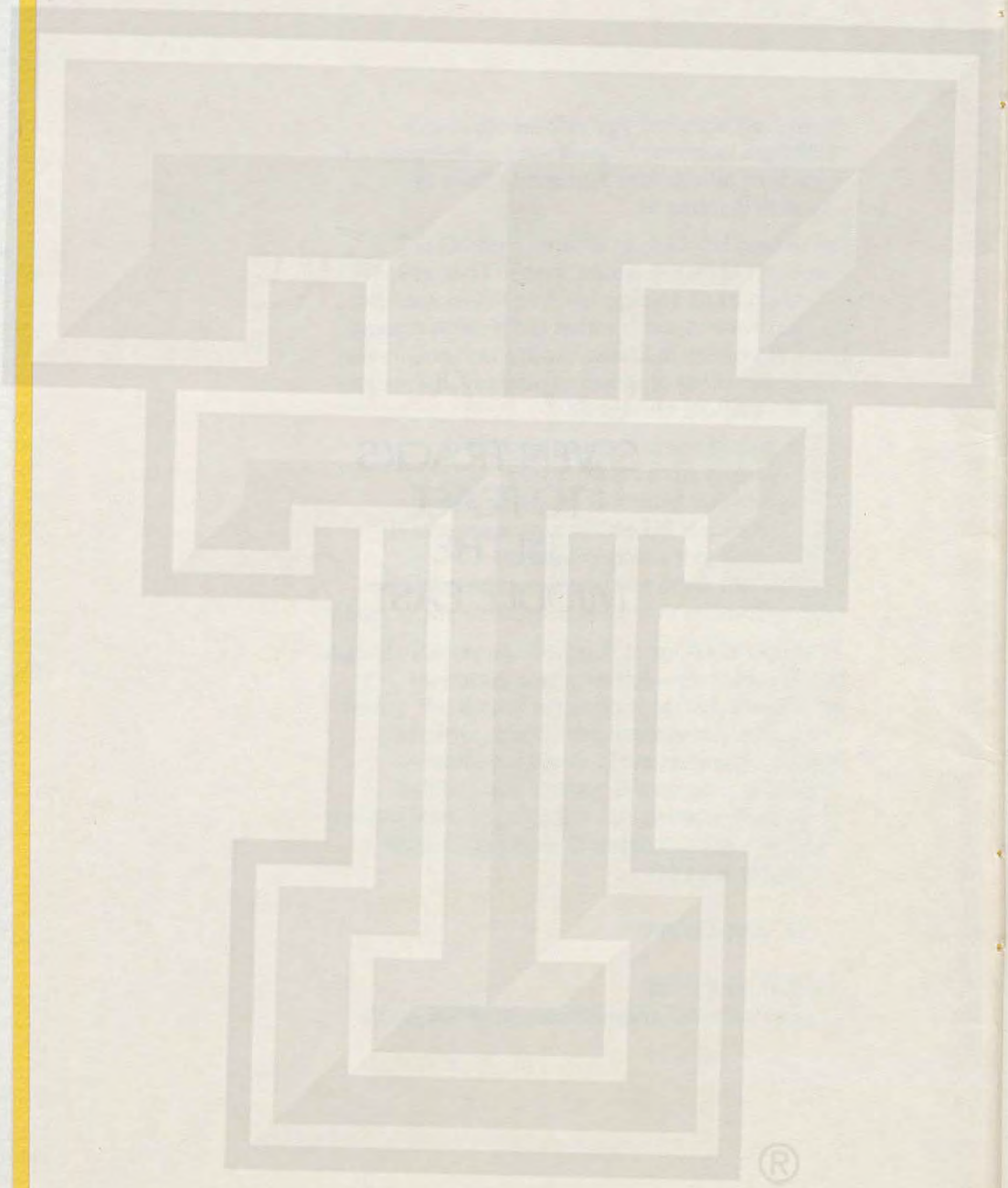

SEVEN TRACKS TO PEACE IN THE MIDDLE EAST

Frank R. Barnett

Seven Tracks to Peace in the Middle East

Agenda Paper No. 4

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Preface

The old saw, "Fools rush in . . . ," applies with special force to the Middle East; and, admittedly, the odds against new wars between Jews and Arabs are unpromising, given the political zeal, religious passion, and terrorism that sear the region—to say nothing of the geo-economics of oil, growing Arab financial leverage, and Soviet game-playing, which ensure a worldwide "fall-out" from conflicts formerly confined to the deserts of Palestine.*

Where so much bitterness animates both parties, is there any "solution" to the Arab-Israeli question except further appeals to the court of artillery? Possibly not. Since much of the world's tragedy could be written not so much in terms of conspiracy but stupidity, there are few grounds for optimism about modern man's ability to escape the doom decreed by his own emotionalism. Europe, with all its pride in law, logic, and culture, had to prostrate itself in two World Wars before France and Germany could work together in a Common Market. Why expect more rationality from the nations of the Middle East?

But were there only 3 chances in 100 to staunch the bleeding of Israeli and Palestinian youth, is it not obligatory that some "fools rush in," even if prudent men wait on the sidelines, assuaging conscience with the easy postulate that "It's hopeless, anyway"? In some diminished yet still meaningful way, the United States is inspired by religious teachings. Our heritage and future are in the Middle East, too, not solely because of the oil link to inflation, the defense of NATO's fuel tanks, or other material "vital interests," but

*The substance of this monograph will appear as an illustrated feature in *The Saturday Evening Post* during the Summer of 1975.

also because the moral premises of Christian civilization derive—like those of Judaism and Islam—from the theological grandeur of a narrow strip of Western Asia. Whether one inquires of Christ or Jehovah or Allah, the answer will be the same: "Those are your cousins and brothers dying out there." In such instance, do we pass by with indifference or make some effort, however halting?

There is little that is original in the draft proposal that follows, except perhaps the formula combining seven component parts, each of which has been invented elsewhere. Nor is the paper submitted as a Master Blueprint for an enormously complex edifice of peace that will take decades to complete, but only as an imperfect sketch that, nevertheless, may fortuitously stimulate the vision of skillful engineers and accomplished architects to modify, alter, and revise. (If the evolving plan has any merit at this stage, it largely stems from informed critiques by some 30 scholars and government officials, including foreign nationals from the region in question.)

While the author is openminded about the way many details in this "sketch" might be changed or even deleted, he is wedded to the belief that it is imperative to encourage dialogue. Political and religious movements often perish from hardening of the categories; and those who "save the cause" are not always the iron-willed intransigents who evoke comparable last-ditch *esprit* across the border. Moreover, if only extremists are vocal, not only will the Middle East continue to be polarized; it may yet become the "Balkan trigger" of World War III.

With the aim of moderating our own emotionalism, it is vital to the search for peace that Congress, the media, and the general public cease to apply false dichotomies to Jews and Arabs—that is, saints and sinners, aggressors and victims, friends and enemies. The proposition that "all Arabs are Nazis" belongs to the same degraded species of gen-

eralization as "all Jews are Bolsheviks." (There is scarcely any statement, except for a medical reference to the common need for oxygen, that is true of *all* Arabs, or *all* Jews, or, for that matter, *all* Americans.) If there were not profound differences between Anwar Sadat and George Habash of the PFLP, if the JDL and Hadassah were indistinguishable, if King Hussein and Yasir Arafat were Siamese twins in world outlook, then perpetual war—even mini-nuclear war—would be inevitable in the next decade. Fortunately for themselves and the diversity of mankind, "Arabs"—like "Jews"—subdivide into a great many ideological categories, political types, and personality sets—in common with the rest of a disparate humanity.

Finally, it should be clear that this draft proposal is not intended as criticism of US diplomacy. Americans, Israelis, Arabs, and mankind in general are all indebted to Secretary Kissinger, without whose diplomatic finesse and sheer stamina the world might already have been driven over the brink. None of the seven tracks to peace described hereafter could be laid except in the framework of continuing negotiations. But just as a diplomatic pact by itself has not brought peace to Southeast Asia, it is doubtful if formal treaties and high convenants between Jews and Arabs will long prevail in the absence of the sort of scientific, ecological, economic, and psychosocial transformations that could be wrought in the Middle East by resources outside the competence of the Department of State. It is not unfriendly to suggest that—since Dr. Kissinger has been alone on the cutting edge for more than a year—it may be time for other elements of American society (both governmental and private) to move up logistical support for the Secretary's statecraft.

Despite the disappointing results of Dr. Kissinger's recent "peace shuttle" (March 1975), it appears that *some* concessions were offered by *both* sides despite enormous pressures from those Arabs and Jews who share the "don't-give-an-inch" philosophy. Instead of assigning blame, or cele-

brating failure, it would be more useful to remind ourselves that, while the fabric of compromise could not be stretched far enough at this juncture, the materials of compromise are not wholly absent. Since the narrowing gap cannot be bridged by diplomacy alone, perhaps science, social innovation, and multinational conglomerates of finance and technology can complete the span.

To that end, it is imperative that the Geneva Conference be urged to formulate a comprehensive "systems approach" to peace, one that will both recognize Israel's right to survive, and at the same time offer options to Palestinian youth other than perpetual guerrilla warfare. We must strive to raise the aims of all participants beyond tactical horse-trading, ideology, and sterile face-saving maneuvers. It may be impossible to do that unless the United States moves beyond pure mediation to the design of constructive proposals that offer genuine hope to all parties.

Frank R. Barnett, *President*
National Strategy Information Center, Inc.

April 1975

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Introduction

Numbed by recession and soaring oil prices, Americans no longer idealize the Middle East as a remote and romantic desert. Being out of work or waiting in gasoline lines gives one time to think furiously, if not with absolute precision, about Arabs and Jews, oil and jobs, prosperity and banker-sheiks. Under such stress, our traditional altruism can turn swiftly into angry demands that politicians put America's "domestic needs first" and lay foreign aid, humanitarian sentiment, and overseas military obligations on the shelf.

There are deeper concerns. As the intrigue of minor Balkan states incited the Great Powers to blunder into World War I, might the fifth or sixth explosion of the Arab-Israeli war finally ignite an unplanned nuclear conflict between Russia and the United States? If the Geneva Conference fails, is it probable that another struggle in Sinai will induce the paralysis of NATO, as the refiring of the Arab oil weapon leads to bankruptcy and the seating of Communist ministers in "popular front" coalition governments in Western Europe? On the domestic front, could politically generated fuel shortages throw an additional 10 to 12 million Americans out of work?

Since the prospects for any "hot truce" lasting longer than 10 months in the Middle East are not better than 50-50, the above questions are painfully current. To be sure, our

problems with energy shortage and inflation do not relate exclusively to future wars in Palestine and renewed embargoes; after all, the *price* of oil is not wholly a function of Middle East politics, but also of the desire of non-Arab nations (Iran, Nigeria, Venezuela) to speed economic development with oil profits. It is doubtful, however, if the OPEC cartel could be held together without the "ideological" glue that binds conservative Saudi Arabia to the radical PLO over the question of Israel; for otherwise, the Saudis might be willing to lower prices and increase production. Thus, US support for Israel is linked with bonds of passion to our domestic well-being.

Already, proposals once regarded as taboo are being openly debated. An American Senator wonders aloud if, after all, it is not in our best interests to let Israel wither on the vine. A former Under Secretary of State urges that we take the admitted risk of asking Russia to join us in jointly imposing and policing a Middle East peace. Secretary Kissinger concedes that, rather than allow Western nations to be strangled, the United States might intervene with military force in the area. Others speculate that the only solution to perpetual Middle East war is to dissolve Israel and allow its 3 million people to migrate to a comparable haven in Arizona or New Mexico.

Granted, another Middle East war might provoke a collision between the superpowers or, more likely, deepen the worldwide recession. Even so, to avert such catastrophes, we have options other than dispersing the Jews from Israel or invading the oil properties of staunchly anti-Communist and pro-American Gulf countries like Saudi Arabia and Iran. If shuttle diplomacy by itself cannot solve the problem, we need not turn to aggression against Muslim friends or betrayal of the Jews. In the age of lasers and atoms, and multinational transfers of billions of dollars, Semitic cousins can be offered more modern solutions to their problem than fighting over desert real estate.

It is clear that the "gradualist" personal diplomacy of Secretary Kissinger, however energetic, can probably no longer prevail unless it is reinforced with other instruments and innovations. Why not? Because of four factors:

1. The overwhelming vote in the UN and at the Arab Summit in Rabat in support of the PLO, reinforced by India's recent embrace of the Palestinian cause;

2. The sad possibility that, if the Arabs and Israelis fight again, neither parliamentary democracy in some parts of Western Europe nor the fabric of NATO could survive another extended oil embargo;

3. The USSR's massive transfer of sophisticated weapons to Egypt and Syria; and the grave doubt that, in the event of another Middle East war, the Azores could again be used to resupply Israel with American arms, as Portugal now drifts away from the NATO camp;

4. The seemingly unbridgeable gulf between (a) the rigid demands of the PLO for what amounts to the annulment of Israel, and (b) the refusal of Israel to negotiate with terrorists or relinquish territory won in prior wars without receiving formal recognition from the Arabs, especially Egypt.

If "step-by-step" diplomacy by itself cannot prevent another war, what can? Science, psychology, and social innovation must be called into play to assist formal statecraft. Why fight over desert wasteland if peaceful atoms can summon fresh water out of the sea and turn sand into fertile soil? Throughout history, "have-nots" have fought over possession of finite resources. Today, in the Middle East, there is an abundance of capital and human skills which, joined with the technology of Japan and the West, could transform military terrain into a Garden of Eden. In the 20th century, man is no longer constrained by unyielding

nature to war over the status quo. It is now possible to enlarge the "ecological pie" so that there is enough for all, especially in the sparsely populated lands of Palestine. (Will xenophobia and "emotionalism" permit Arabs and Jews to utilize science for anything but war? Only the naive would be hopeful; yet President Sadat is surely more moderate than was Nasser, even as Prime Minister Rabin is more flexible than some of his predecessors.)

In short, there may be a 70 percent chance of avoiding another Middle East war in 1975, *provided* the following questions can be resolved by a "mix" of diplomacy, ecological revolution, defensive military technology, social innovation, psychological operations, and practical religious commitment by Christians, Muslims, and Jews:

1. Recognizing there is no "absolute" guarantee of any nation's survival, how transfer to Israelis *the science to safeguard the Jewish heartland through their own national means* as well as through treaties?

   The Israelis have brought much grief on themselves by mistakenly assuming that secure borders can be ensured through peace treaties. But peace treaties, as all history underscores, are easily broken. Hence, the Israelis may have been pursuing the right objective through the wrong means—that is, the search for Arab "recognition" via formal "pacts." This may be the pathway to security via semantics, but not much else. (Israel's experience with the solemn charades and "peacekeeping" machinery of the United Nations should have inclined its highly intelligent people to look elsewhere than to diplomacy and "international law" for solutions.)

2. While ensuring that the PLO rhetoric about making Israel "null and void" has no practical meaning, how bring forth a new state in such fashion that Palestinian

Arabs will have strong incentives to live in peace with their Israeli neighbors, and enjoy the affluence that can be generated through advanced desert agriculture, massivé desalinization, solar energy, and the like?

3. How provide both Arabs and Israelis interim military security, *against preemptive strikes from either side*, while diplomacy, social action, and economic aid are reshaping Palestine? (And how guarantee—perhaps with the combined navies of the United States and Iran—the right of innocent passage to the shipping of all nations through the Gulf of Aqaba and the Suez Canal?)

4. How provide Israel reasonable security against continuing terrorism? (And simultaneously provide to conservative Arab rulers more security against assassination and guerrilla war sponsored by radicals?)

5. How satisfy the moral and psychological claims on Jerusalem's Holy Places of Muslims and Christians as well as Jews? How ensure that Jews have inviolable sovereignty over the Wall and that Muslims have the same rights to the Dome of the Rock?

6. How utilize "social invention" to involve the idealistic youth of a dozen nations in the future of the Middle East, through pragmatic peacekeeping and "greening of the desert" operations?

7. How help to provide economic viability to a new Palestinian state, as well as to Israel and Jordan, so that, if the current political conflict can be cooled, it will not erupt again in the near-term future over economic issues?

2

Specific Proposals

To avoid the present collision course of Israel and the Arabs, Secretary Kissinger's gifts of conciliation—to have lasting effect—might well be supplemented with:

1. The introduction of new dimensions of defensive military technology into the Middle East, so that Israel will have more effective modes of *ensuring survival through its own national means.* This might be done by gifts to Israel of the newest generation of precision guided munitions now ready for field use: helicopter antitank weaponry, infrared sensors, advanced air defense systems, electronic mines, exotic radar screens, wire-guided and laser-guided defenses against armored attack—the apparatus of the "automated battlefield" that would make the Israelis less vulnerable to surprise attack and, therefore, less likely to launch a preventive strike of their own.

   While it is not always possible to specify that a particular weapon is purely "defensive," and while exotic scenarios can prove that all weapons are "offensive," most nations would be less alarmed to hear that their adversaries were acquiring bazookas than fighter-bombers. In the Yom Kippur War, the battlefield tilted somewhat toward the defense; and if the sort

of American technology transferred to Israel could increase the "defensive tilt," it would be good for all parties.

It is too late for the superpowers to engage each other in a "defensive" arms race, although it has been persuasively argued that the world would be much safer if both Russia and America had ABM nets outnumbering their ICBMs by 20 to 1, instead of vice versa. But perhaps Moscow and Washington could gradually, year by year, transform the balance in the Middle East, with a view toward protecting their clients from a preemptive strike, by increasing defensive capabilities and cutting back on the type of weapon that is primarily offensive.

Though it sounds like science-fiction, it may be technically feasible to erect—at considerably less cost than that imposed by another oil embargo—what would be, in effect, a *Military-Electronic Astrodome* over Israel (or *between* Israel and, say, Syria on the Golan Heights, to protect both parties.) Obviously, such a defensive "astrodome" could become obsolete unless the United States were willing to upgrade it continually in the face of probable new arms shipments by Moscow to Syria and Egypt. On the other hand, in an imperfect and perilous world, one wonders if there are better risks than betting that American technology and Israeli military training and professional competence can safeguard the Jewish state.

What we do not know for certain, and what we urgently need to test, is Russia's calculus of interest, which may be more complex and variable than we suspect. Given Moscow's record of mischief-making, and its apparent aim of seeking to benefit from a "no major war, but no lasting peace" matrix in Palestine, it is easy to sympathize with Secretary Kissinger's

strategy of "excluding" Russia from the solution. But can we? So far as sheer military presence is important, we might remember that, during the October 1973 War, the Soviet fleet in the Mediterranean outnumbered our own 95 to 70; and in the Indian Ocean, near the Persian Gulf where professors talk glibly about US "intervention," the total of the Soviet Navy's ship-days in 1974 exceeded our own by a ratio of 4 to 1. Moreover, a casual glance at the map will remind everyone that Russian airborne armies are a lot closer to the Middle East than are our own. (The Middle East is almost as close to the USSR as the Caribbean is to us; and the logistical advantages that accrued to us in the Cuban crisis largely belong to Moscow in this instance.)

Admittedly, Soviet-American detente has scarcely touched the Middle East; and no one should forget how strenuously Moscow abetted Arab preparation for the Yom Kippur War, gave no warning of its inception, opposed termination of the conflict so long as the Arabs were winning, and threatened direct Russian intervention. On the other hand, the Soviets have continued to remind the Palestinians that the right of Israel to exist within its pre-1967 borders cannot be nullified. In addition, Moscow has behaved as if it has a vital interest in preventing a "big war" from erupting in the Middle East; and there is some evidence that, in refusing to give unlimited weapons to the Egyptians, Russia preferred to risk alienating Cairo rather than confronting Washington if Arab military power got out of hand.

The fact is that the Russians have tried to have things both ways; that is, to gain credit for supporting and arming the Arabs, but not to take many risks of direct involvement. To an extent, we have let them play this game by not setting forth sharper criteria for the

maintenance of detente and not including Russia's Middle East behavior in the rulebook. In our own interest—as well of both Jews and Arabs—we should pose clear choices for the Soviets. Are they indifferent to the random escalation that could result from their compulsive game-playing? If the blood feud is continued for another decade, does Moscow discount the possibility that China can "buy in" by supporting the most radical Arabs? Perhaps we should try to smoke Moscow out by inviting Russia's cooperation in bold proposals, and letting Brezhnev know that concrete support of peace solutions in the Middle East is the real test of detente, rather than public rhetoric or concessions on tertiary matters like emigration. (Rather than "one-on-one" negotiations between Washington and Moscow, it might be wiser to urge Europe, Japan, and Iran to share in the action.)

2. The recognition by Israel and the United States of a *Separate State of Palestine* as a "neighboring" state, not a "replacement" state. Some of the new state's lands would include territory now occupied by Israel as a result of the 1967 War; and perhaps President Sadat's name might last as long as that of Amenhotep and Hammurabi if modern Egypt helped to give mankind a century of peace by deeding part of the Sinai to the new Palestinian state. (Reflecting on the "time-bomb" of the Polish Corridor—and the fatal division between East and West Pakistan—diplomats might strive to give the new Palestinian state contiguous and unified territory, rather than a piece of the Gaza Strip here, a piece of the West Bank there, and so forth.)

   Much of mankind—including a great many American Catholics and Protestants—seems now to concede that a separate state for Palestinian Arabs must be created, to permit cultural and political self-determination for those who wish to live neither in a Jewish

state nor under the Jordanian monarch. Whether that new state should be under the monopoly control of the PLO is another question, and one that President Sadat and the Saudis need to examine with as much healthy skepticism as do Israel and the United States. Will Yasir Arafat become another Jomo Kenyatta, who transcended the terrorism of his Mau Mau career to become one of Africa's most responsible statesmen? Or is Arafat another Che Guevara with a death wish, or another Qaddafi who would spread revolution into Saudi Arabia and Egypt as well as press perpetual war upon Israel?

No man, perhaps not even Arafat, knows the answer; for men in power behave in ways unpredictable even to their closest associates in their years in the wilderness. There can be no assurance that, if Israel agrees to a new Palestinian state, it will then have peace with the Arabs. It may be that Arafat is addicted to guerrilla romanticism, and that neither statehood nor affluence will convert the Palestinians into status quo neighbors. Then why should friends of Israel urge it to gamble? Here the answer appeals both to ethics and pragmatism.

There is a growing moral consensus that the Palestinian Arabs—whose ancestors have also been in the Holy Land for more than 2,000 years—have as much right to their fair share of the land of *Asia* Minor as *European* Jews from Latvia, Russia, Poland, Germany, and the United States. Palestinian Arabs are entitled to their own place in the sun, precisely as Israel is entitled *not* to be "annulled." The common sense viewpoint—bereft of cant and polemics—is that neither Jews nor Arabs should cast cultural and religious shadows on whoever would inevitably be the "second class citizens," if either (a) all Palestinian Arabs had to live in Jordan or a Jewish state, or (b)

the Israelis had to live in a secular, "democratic" state dominated by the PLO.

Israeli arguments against "recognizing terrorists" must be gently reproved with the reminder that Israel itself was born with the aid of such midwives as Irgun, the Stern Gang, Haganah, and the like, some of whose methods were not compatible with the ideals of the Harmonie Club and National Brotherhood Week.

It is easy, even plausible, to argue that the vast expanse of Arabia could easily absorb all Palestinians, and that only the heartlessness of Arab rulers keeps thousands of refugees in the miserable camps. But legalisms are often at variance with conscience. Palestinian Arabs have been displaced; they have suffered humiliation and suspicion because of their faith; they have been herded into *lagers*; their religion has placed them in categories of political and economic discrimination. Who better than Jews to perceive the humanitarian and ethical issues behind political formalisms?

One can scarcely ask Israel, however, to ennoble mankind with selfless example, if such an action would threaten its own existence; and conventional wisdom asserts that a new state in the hands of an implacable PLO would greatly add to Israel's present danger. Actually, so much paradox is known to history, it is quite possible that the creation of a Palestinian state would have the reverse effect even if Arafat persevered with his hostility. What analysis can shore up such an unorthodox prediction?

First of all, there is no Arab monolith—let alone "all-Islamic unity"—any more than there is a Communist monolith. Anwar Sadat's political philosophy is much further removed from Arafat's than is Moscow's

from Peking's; and, indeed, the gap between Egypt's line and that of Libya and Iraq is wider than the differences between Tito and Brezhnev. What provides makeshift glue for the unstable alliance between radical and conservative Arabs—and wins sympathy among non-Arab Muslims in Turkey, Iran, and Pakistan—is the emotionalism attendant upon the PLO's *cause célèbre* and the future of the Holy Places in Jerusalem.

With Arafat in office, he would no longer be the Arab symbol of "US-Zionist injustice" but a formal competitor in the Byzantine politics of the Middle East. The leaders of the new Palestine state may prove to be continuing adversaries to Israel, but they could as easily become rivals to the rulers of Saudi Arabia, Jordan, Syria, Iraq, and Egypt. Whether Arafat evolves into de Valera or Ataturk as Head of State, or whether he turns out to be Trotsky or Fidel Castro, the birth of a new state of Palestine may pose more threats to Arab unity than to Israel's survival, especially if the United States underwrites Israel's "noble gamble" with a constant stream of military technology.

3. *The Greening of the New Palestinian State* via massive financial and technological aid—plus social innovation—through a "Consortium for Peace and Development" whose senior partners might be the United States, Saudi Arabia, Japan, Egypt, plus the Common Market and Iran (all of which share an imperative interest in achieving a fair peace and reducing Soviet influence, Marxist "theology," and radical Arab socialism throughout the area.)

   In the late 1950s, President Eisenhower articulated a bold plan for "'greening the desert" via a $5 billion consortium of bankers and engineers in the United States, France, Britain, Germany, and Switzerland.

The idea was to desalinate the seawater of the Mediterranean and turn the sands of Palestine into a garden, thus providing well-being for many in a land that, without high technology, could only accommodate a few. With not enough sense of urgency in the world about the Middle East in the 1950s, Ike's plan was shelved. Has not the time come to update and activate it, especially now that the technology for making fresh water out of sea water has been improved?

$5 billion would be a modest investment to avert another war and another firing of the oil weapon. Moreover, Iran, Saudi Arabia, and Japan—each with a major stake in stability in the region—might be encouraged to assist the US and Europe in this TVA-type development project designed to ensure a decent life for Palestinians and provide an alternative to guerrilla war for Arab youth. Then, perhaps in a decade, it might be possible to begin talks between Israel and the new Palestinian state on the topic of "dual citizenship" and Common Market (including Jordan, of course).

It may not be "cost-effective"—from a strictly *economic* viewpoint—to desalinate the eastern end of the Mediterranean. But from a geopolitical, moral, and strategic perspective, the job cries for priority attention.

4. The preservation and administration of *Jerusalem's Holy Places under a Nonprofit, Multifaith Trust* whose Board would be comprised of Muslims, Jews, and Christians. The Holy Places, unlike the Golan Heights, are not "strategic" geography; and no troops from any nation would be permitted inside the autonomous Religious City. The minimum police job could be performed with "four-men-in-a-jeep," as in immediate postwar Berlin and Vienna. In this case,

the 4 policemen might be: a Muslim from Saudi Arabia, a French Catholic from Canada, a Lutheran from Sweden, and an American Jew (reporting, perhaps, to an Iranian or British Chief of Police.) Of course, endless combinations of the "police mix" are possible; and with time and experience, the most compatible and effective team would probably evolve.

5. The creation of a *Political Interpol for the Middle East*—jointly administered by the United States, Saudi Arabia, Iran, Egypt, and Israel—whose purpose would be to neutralize Maoism, terrorism, anarchy, kidnapping, and assassination throughout the area (and thus provide incentives to moderate Arabs and Jews who, otherwise, will be intimidated by extremists). If Syria, Jordan, Lebanon, and Algeria wanted to join "Interpol Middle East"—and, indeed, if the Palestinian state wanted to join—they should be welcomed, provided institutional means were devised to expel any state which used its membership to obstruct or sabotage the basic purpose and efficiency of the operation.

   Oddly enough, the Russians themselves might be willing to become senior partners in "Interpol Middle East," for they are deeply aware of Peking's support for extremist groups. Moreover, however much the Russians remain adversaries of ours at many levels, they may be genuinely willing to cooperate on measures to prevent the acquisition of nuclear weapons by terrorists and mini-states on their border. Moscow and Washington at least share an interest in seeing to it that nuclear explosions by others do not manipulate the superpowers. Not even the USSR wants an atomic Sarajevo.

6. The recruiting of a *Volunteer Reclamation Corps*, initially composed of perhaps 5,000 young Americans, Europeans, Pakistanis, Indians, and Iranians of vari-

ous religious faiths. Serving for two-year terms, these young people could help "green the Palestinian desert" and interpose their minds, souls, and bodies between suspicious neighbors.

The Reclamation Corps might continue to serve for the next 10 to 15 years, using successive waves of volunteers, gradually attracting to its ranks (by 1980?) a new generation of Israeli and Palestinian students growing to manhood in an environment decreasingly charged with hatred. The religious youth of other nations might well want to join the Reclamation Corps. Why not young Muslims and Catholics from Indonesia, Buddhists from Thailand, and so forth? Why not young men and women of moral commitment from Japan, Korea, and Taiwan? From Brazil and other Latin American countries? From Nigeria and Kenya and the Sudan? All of mankind is vitally connected to the future of the Middle East; and idealism among youth knows neither geographical, nor racial, nor religious boundaries.

7. Finally, the provision of financial incentives and trade benefits extended jointly to Israel, Jordan, and the new Palestinian state so as to encourage the formation of a *Middle East Benelux* by the 1980s. For even if another "boundary war" can be averted, the structure of peace will be fragile so long as the mini-states in the area have no economic viability. (Israel imposes the heaviest tax burden in the world; some 40 percent of its budget goes to defense; and, without massive support from the US government and American Jewry, Israel's economy would collapse.)

   If World War III erupts in the Middle East, future historians may dwell on the irony that such a tragedy befell mankind because Israelis and Palestinians—each lacking the indigenous arms, mineral resources,

industry, energy reservoirs, and financial reserves to give substance to genuine "sovereignty"—fought each other to the death in futile pursuit of a concept whose meaning is ambiguous in a multinational world.

On the positive side, Israelis and Palestinians each possess an extraordinary pool of human talent. Both peoples are cosmopolitan as a result of their periods of "exile" in foreign capitals and commercial centers. Their managerial and innovative skills could turn a "Benelux East" into a service, training, and manufacturing center that could make up for the region's lack of basic raw materials. Officials from the State and Treasury Departments could help design a variety of "most-favored-nation" arrangements for Benelux East; and a score of US banks and multinational corporations could offer to establish regional offices, clearinghouses, and the like.

Together, the adversaries can become economically viable; *apart*, they would forever exist precariously as "client" states, subject to mood change and power flux among the elites of their sponsors. Is it utopian to set the goal of a Benelux East for people who now regard each other as deadly enemies? Perhaps. Yet for centuries, Jews and Arabs have lived side by side as neighbors; and there is nothing "ideologically incompatible" between Judaism and Islam. Must the world, owing to inertia and failure of imagination, condemn two more generations of young Jews and Arabs to a bloodbath because we err in postulating that it is "impossible" to engineer peace through innovation?

3

Interim Diplomatic Offers and Military Guarantees

Even with Soviet support, and assuming tentative acceptance of some of the "seven tracks" by Israel and the Arabs, how do suspicious antagonists get past the clear and present danger of war in the near-term future? It will take time to work out a formula for a new state, green the desert, and transform the conflict terrain. Yet time is partly an enemy, for both sides have analyzed the value of surprise attack in the 1967 and 1973 wars, and both must fear their opponent will apply the lesson.

What seems to be required is a trustworthy technological guarantee—both to the Arabs and to Israel—that *no surprise strike will be possible by either side*. US reconnaissance and computer technology could constantly monitor every military movement in the theater, and the US government could undertake to alert both Cairo and Jerusalem of any mobilization, or other hostile activities, by *either* side. This would not necessarily prevent war, but it could substantially reduce the tension that stems from fear of surprise attack, and would lessen the odds against any perpetrator of a "first strike" gaining a decisive advantage. Here again, perhaps we should test the intentions of the USSR by proposing a joint satellite monitoring of the Middle East theater, with Russian

officers responsible for alerting Syria and Egypt to any unusual events. If the Soviets refuse or delay unduly, however, the US should not be deterred from setting up a mutual early warning system that would remove part of the pressure for either antagonist to "draw first."

Further, the United States might invite Israel, on the one hand, and Egypt, Syria, and Jordan on the other, to sign with us a one-year "Mutual Nonaggression Pact." In that case, a few ships of the US Navy could be symbolically stationed in Egyptian and Syrian ports, as well as those of Israel, to give psychological assurance to all members of the Pact. The signing of a one-year *limited* agreement—dealing only with the multilateral pledge not to launch a preemptive strike —would "leave open" all other questions.

One often forgets that, in 1948, the American presence in Europe was designed not only as a shield against the Russians, but also as a guarantee that France and Germany would not wage a fourth "European civil war" against each other. If the American military commitment to Europe could provide the psychological matrix inside which the century-old hatred between "Huns and Gauls" could be transformed, why not a similar matrix for Arab-Israeli mistrust?

Those who argue that the United States cannot allow itself to become "further involved" in Middle East affairs seem to forget our worldwide nuclear alert at the height of the October 1973 War, when it seemed that Soviet airborne troops might unilaterally intervene to save the Egyptian Third Army. Since it is unthinkable that the United States would permit the final destruction of Israel, there are any number of ways in which, during future crises, we could be "involved" in scenarios written by others. Why not write them for ourselves, with the odds in favor of deterrence?

Consider what the world loses if Arab-Israeli wars continue.

1. *The peril to the United States, Japan, and NATO Europe*

According to a Federal study, the oil embargo of 1973-74 resulted in a decline of at least $15 billion in our own GNP and an increase of some 500,000 unemployed. Another application of the oil weapon might do twice that damage to the US economy. We could tighten our belts and endure the pain; but to Europe and Japan, the wounds might prove fatal.

The fifth round of a Middle East war, if it resulted in oil shortages, could generate mass unemployment and depression throughout Japan and Western Europe. Even the threat of another oil embargo could shred NATO's fabric, as Western Europe hastened to placate the Arabs by opposing US support of Israel. The 25-year-old goal of Moscow to drive wedges between the United States and our European allies might finally succeed. A polarized America would then be isolated in its island fortress, inside which, as Soviet power increased over time, the American dream could become the nightmare of a garrison state, where left and right pressure groups—accusing each other of "treason" over the fate of Israel, the collapse of NATO, and the loss of Middle East energy sources—would tear apart our constitutional fabric.

2. *The mortal peril to Israel*

Israel can fight (and probably "win") the fifth round of the Middle East war. With what consequences? The increase of the present Saudi subsidy ($1 billion each to Syria and Egypt) to $5 billion each per annum, with which the Arabs would buy arms from Japan and Western Europe, desperate to solve their own payments deficits? Another massive influx of Soviet arms and advisors into the confrontation states?

A decision by President Sadat and his allies to pool Egyptian science and Saudi money to develop Arab nuclear weapons? A gambit by Peking—to outwit both Moscow and Washington—to give "mini-nukes" to the PLO, or Iraq?

Finally, policymakers in a number of countries must ask themselves if there are eventual limits to the generally pro-Israeli sentiment in America. Will that sentiment be eroded over the next decade if Arab money weapons, as well as the oil weapon, make life difficult for the American consumer? It is not that the American people are likely to become anti-Semitic. They may still respect their Jewish neighbor but, at the same time, feel strongly that—just as we finally detached ourselves from the briar patch in Southeast Asia—we should now step away from the quicksands of the Middle East. Thus, if the anti-Vietnam virus in the American bloodstream quickened in a new mutation, Israel might find itself abandoned.

3. *The mortal peril to the Arabs*

Arabia, which conserved the Greek heritage for all the world and gave the West priceless lessons in ethics, mathematics, and literature, is now on the threshold of an Islamic Renaissance that could last a thousand years. To lose that historical possibility through miscalculation of political and military realities would diminish all mankind.

As a despairing Israel—losing the *seventh* round of the war in *1980*—perceived it *was* being driven into the sea, the Spirit of Masada could reassert itself in the "nuclear mode." A dying Israel, in one last spasm against relentless foes, might then put nuclear bombs on Cairo and the Aswan Dam, sterilizing the fruits of the Nile for a hundred years. Other nuclear bombs

might eradicate Mecca and Medina, or set the Saudi oil fields alight. Damascus and Baghdad could cease to exist.

Finally, since the Soviets would have helped engineer another Jewish holocaust by proxy, a deathbed Israel would be tempted to place its last atomic bombs on "nearby" Odessa and Baku. At that instant, if the Soviet command and control apparatus were not cool and efficient, Soviet air marshals might suspect that the "Israeli" nuclear strike really came from an American Polaris submarine in the eastern Mediterranean. For some hours, at least, the world would then be near Armageddon, as both Soviet and US nuclear silos "opened up" for operational readiness in the macabre courtship ritual that could precede the final act of intercontinental genocide.

4

Conclusion

The Middle East is not just another square on the chessboard, comparable to Cyprus, Korea, or Vietnam. Instead, the oil politics and geo-economics of the Middle East are the wood and ivory of the chessboard itself, for Middle East policy is now interlocked with energy policy, inflation and recession policy, NATO policy, and defense policy.

Hence, a multitrack program to solve the Arab-Israeli threat to America's health and NATO's survival becomes both a foreign and domestic priority; and, owing to the consequences of failure, Washington could easily justify efforts on a vastly greater scale than have hitherto seemed acceptable to Congress or US public opinion.

No lasting solution is possible, however, until the Soviet Union is held to account for its role in resupplying the Arabs with sophisticated arms and, at the same time, agitating them to reload the oil weapon and undermine Secretary Kissinger's diplomacy. Moscow must be set on notice that the valid test of detente is not the Politburo's willingness to export more Jews from Russia to the Holy Land, but the USSR's good faith in refraining from direct and indirect acts that can lead to the demise of Israel. (This includes cheating on the spirit, if not the letter, of SALT I by striving to gain a usable military superiority over the United States—through mobile missiles, dual purpose silos, and so forth—an advantage that

could be used to immobilize Washington at the time of, say, a sixth or seventh round of the Middle East war and allow unilateral intervention by a Soviet airborne army.)

If the USSR is no longer our implacable enemy, as is alleged by optimists, its full cooperation with the United States in the Middle East crisis must be regarded as the *sine qua non* for any more transfer of grain, technology, and credits to Moscow, or of any additional agreements to limit the arms race. (If Moscow still *is* our foe—a plausible hypothesis resting on sturdy pillars of evidence—it is time to uncover that reality before the ICBM "launcher-silo-megatonnage gap" widens further in favor of the USSR; and neither the US nor Israel will be any worse off for shedding illusions about Moscow's aims and capabilities while there is still time to redress the balance.) On the other hand, if Moscow is simply playing "low-risk games" on the premise that detente does not count in the Middle East, it is time to disabuse the Russians of that fallacy and even invite them to cooperate in specific peace solutions.

Hopefully, then, if Russia truly wishes to avoid a return to Cold War tensions and an arms race in the West while China crowds its flank, it would then be possible for the United States to speak in equally pragmatic terms to Arabs and Israelis. Though we are not anxious to "impose" a settlement, we are after all a great power and should behave like one. We should let Jews, Arabs, and the Third World bloc in the United Nations (manipulated at times by Peking) know that the United States, as it approaches its 200th anniversary, is not going to be brought to its knees by the quarrels of cousins in the sands of the Middle East or propaganda lobbies in the UN. If others refuse our technology for peace, we will not lack the will or means to defend our own vital interests.

The risks for everyone are so great that a strategy of "ambiguity" should probably be replaced with a policy of

candor, resolve, and strength. At the moment, various factions in Israel, Russia, and throughout Arabia must entertain conflicting hope and fear about US intentions and commitments. Both World Wars were brought on, in large part, by the "fog of indecision" overhanging the democracies which persuaded leaders in other types of states—mistakenly, as it turned out—that the middle classes of capitalism were too decadent, too cautious, too spineless to confront issues frankly and directly. If World War III is ignited in the Middle East, historians may repeat that indictment of democracy.

But desert agriculture, communications technology, and multinational technology give us options for innovation unknown to those who stumbled into the holocausts that began in 1914 and 1939. Once it is made manifest to the world that the United States will never permit NATO's economic and military vitality to bleed to death in Middle East sands, and once the American people recognize the awesome size of the stakes, we *can* generate the will to employ modern (and massive) means to transform the "conflict terrain" of Palestine through solar technology, ecological revolution, and a 10-year social action input from the religious youth of a dozen nations.

CAVEAT

The reader is reminded of the reservations set forth in the Preface. There is little originality in this paper and it is not offered as a finished blueprint. It is submitted, rather, as a provocation to elicit from others the new dimensions of social invention, applied science, and practical ethics that may be required for a solution to more war in the Middle East. Every "track to peace" outlined herein is to be considered only as a *draft* proposal, to be modified, strengthened, or discarded—or better yet, to be *transcended* by the joint and combined planning of men from many nations.

If certain proposals are perceived as too utopian, too costly, too dependent on novel technology, too "unacceptable" to one side or the other, the author concedes some validity to such critiques. But, then, what are the options? Will men of great competence in diverse disciplines come forward to improvise and redesign? Or, embracing fatalism, do we profess that 98 percent of mankind can never be more than immobile spectators of a tragedy they are powerless to avert?

The author's purpose is scarcely to claim undeserved credit for a "creative solution," but to challenge the enormous human potential—lying unused, beyond the corridors of foreign offices—to help orchestrate a systems approach to the Palestine question. The specifics in this paper may be poorly crafted. But the lessons of the first two thirds of the 20th century suggest that, as war is too important to be left exclusively to generals, the making of peace is too complex to be entrusted entirely to statesmen. Jesuit experts in desert agriculture, American engineers, and Japanese bankers—to name but a few categories from the private sector—may do as much to alter the Middle East environment for peace as legions of diplomats, whose good offices, of course, are also needed.

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memorandum

League of Women Voters Education Fund

JUN 2 1975

May 28, 1975

TO: State League Presidents (for IR Chairmen)

FROM: Ruth Hinerfeld, IR Chairman

Enclosed is a copy of The U.S. and World Development: Agenda for Action 1975. The Overseas Development Council has kindly provided us with a complimentary copy for each state League.

Mary Locke, IR staff specialist, and I attended a briefing last week during which two of the authors, James Howe and Guy Erb, pointed out the need for a new look at U.S. relations with the developing nations at this crucial time when the Western world is facing resource scarcity, long and difficult trade negotiations, and new challenges from the developing world. They pointed out that this year's Agenda should be considered an extension of Agenda 1974 (sent to state presidents in April 1974). The authors tried to cover today's topics and to avoid duplication with their previous publication. They have tackled such tough issues as petrodollars and multilateral development, U.S. relations with the OPEC nations, and the establishment of a global food reserve system. Agenda 1975 also contains extensive up-to-date statistical material which may dissipate some of the current theses that the United States is doing more than its share to contribute to the alleviation of poverty in the Third World.

Within a few weeks, we will send to state and local presidents (and DPM) a descriptive flyer which includes a Table of Contents and a coupon for ordering copies of Agenda 1975. We have enclosed a press release which describes Agenda 1975 in greater detail and an order form for your convenience.

publ. sent to P. Clarke

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PRESS RELEASE

FOR RELEASE IMMEDIATELY
May 12, 1975

JUN 2 1975

Contacts: John W. Sewell
Diana Michaelis
202/234-8701

The industrialized nations of the world's North now confront a newly intensified challenge from the developing countries of the South. This challenge comes at precisely the time when the U.S. involvement in Vietnam has ended and when all nations must construct new approaches to cope with growing interdependence if the progress of the last three decades is to be regained.

The poorer nations seek a greater voice in the management of the international economy and a more equitable share of the benefits of global economic growth. The need to respond to this challenge from the South with such ingenuity that all parties may ultimately gain is the central theme of The U.S. and World Development: Agenda for Action, 1975, the third annual assessment of U.S. policies affecting the developing world issues by the Overseas Development Council.

In introducing the new policy study, Father Theodore M. Hesburgh, the Chairman of the Council's Board, said:

> "Human equality is a subject that has increasingly preoccupied us during this century. Since World War II, we have seen the development of mutuality among the advanced nations and of political freedom and juridical equality for all nations. But it is only over the past eighteen months that a new search for economic equality has opened in earnest as the developing countries of the South, led by the oil exporters, have begun to press their claims. This initiative comes at a time when the world has the capacity and knowledge to make a decent life for every person."

The new attitude of developing countries has been most apparent to Americans in the collective pricing action of the oil-producing states. OPEC actions have intensified a widespread change in psychology and a strengthened cohesion among all developing countries that was most recently seen in their insistence on the broadening of the agenda of the Paris energy conference to include a greater range of commodities. It also has been evident in their more assertive participation in the negotiations to reform the world's trading and monetary systems. The Agenda 1975 concludes that "...the growing pressure from the world's poor majority promises to dominate international issues...in the years to come."

Dealing with this new element of solidarity among the developing countries comes at a time when the world is undergoing a series of economic, social, and political changes so fundamental that it appears to be on the verge of one of the great transformations of history. For rich and poor nations alike, solutions to such pressing problems as food, energy, and global stagflation increasingly require the creation of a network of international cooperative relationships if reasonable rates of growth are to continue.

Father Hesburgh points out that U.S. policies in the past year illustrate two possible ways of reacting to this changed situation. In response to the food crisis, the United States took the lead in calling for the Rome World Food Conference; the proposals for policies and institutions required to meet the needs of the next decade that resulted from that meeting have the potential of making all nations the beneficiaries of global cooperation. But in the energy field, the OPEC countries and the United States have remained in a posture

of confrontation. The result has been neither political gain nor lower oil prices; the United States has become increasingly isolated, and there has been no start at all on a global cooperative effort to meet the changed energy circumstances of the 1980s. The response to the food situation illustrates what can be done to shape a new series of mutually beneficial "global social compacts" to deal with the pressing problems now faced by rich and poor countries alike.

Agenda for Action, 1975 highlights other major developments and actions needed during 1975. These include:

1. The economic distress of the "Fourth World" of poorest countries continues to be acute. The Agenda identifies 42 countries which, although they survived 1974, are so affected by economic stagnation and rising import costs that they face the prospect of continued economic deterioration for the balance of this decade in the absence of increased outside help. The World Bank estimates that these countries (with a total population of about 1 billion) will need an additional $4 billion of concessional aid annually if they are to achieve a minimum growth rate of 2 per cent a year for the remainder of the 1970s. If the OPEC countries again prove willing to contribute $2 billion--as they did in 1974--the industrial countries should be prepared to put up the balance, with the United States contributing an additional $1 billion annually (roughly the equivalent of the annual economic assistance that has been going to Indochina in the recent past).

2. In the absence of a system of reserves, the world food situation continues to be very precarious. Under present circumstances, a shift in supply of only 1 or 2 per cent below or above effective market demand can

mean either soaring prices and increased malnutrition, or plummeting prices and lower farm incomes. An encouraging start has been made with the establishment of the World Food Council, the Consultative Group on Food Production and Investment in Developing Countries, and President Ford's decision to increase food aid in 1975. But the long-term success of the Rome Conference in establishing a food reserve system and in increasing food production assistance and food aid depends on sustained leadership from the United States, which dominates world food supplies.

3. The widely publicized "triage" and "lifeboat ethic" arguments against the morality of helping the poor countries develop are based on false premises. Proponents of these "concepts" ignore the basic facts that much progress has been and can be achieved wherever political will is engaged, and that development strategies targeted to benefit the majority are the most effective way to slow birth rates.

4. The OPEC countries have emerged as major aid donors. Their disbursement of some $2.6 billion in 1974 already far exceeds the aid programs of communist countries and constitutes close to 2 per cent of the combined GNP of the major OPEC donors. This sum compares with three-tenths of one per cent of the GNP of the Western industrial donors and two-tenths of one per cent for the United States. The OPEC aid is expected to rise in 1975 and 1976 as a consequence of aid commitments of $8-$10 billion made in 1974. While much of this aid has been used to advance regional political objectives in the Middle East, the amounts and speed of new commitments in support of economic and social development elsewhere have been quite remarkable.

5. The Trade Act of 1974 is a major step forward, but long and difficult negotiations are ahead as the United States attempts to achieve the potential of the Act for the expansion of world trade. Developing countries are already participating actively in the trade talks, and their trade interests add a new element to the negotiations. The United States must now formulate a new policy on primary commodity trade and begin to work with other nations to reach agreement on commodity arrangements that meet the needs of consumers for reasonable prices and secure supplies and the needs of producers for reliable prices and markets.

6. There is at present a danger that the Law of the Seas Conference may collapse before the end of 1975--partly because those developing countries which stand to gain from an ocean regime favoring the interests of coastal states have not hesitated to place their national interests ahead of those of the developing countries as a whole. The United States should continue to support a law of the sea treaty that is basically internationalist--one that would distribute among all nations at least some of the revenues from exploiting the seabed and provide some international standards to protect the oceans.

7. The problem of recycling petrodollars that dominated the headlines last year seems to be more under control for the industrial world than for the developing countries. The poor countries face continuing problems in paying higher import bills at a time when their export earnings have been diminished by the recession in the rich countries. The Agenda urges that new institutions be created to meet this need, particularly the IMF subsidy account for its oil

facility, the proposed "third window" of the World Bank, and the trust fund of the IMF proposed in late 1974 by the United States.

Agenda for Action, 1975 also contains some 70 pages of up-to-date statistical material on economic relations between the United States and the developing countries.

The director of the Overseas Development Council's Agenda for Action, 1975 project was James W. Howe, a Senior Fellow with the Council. The study was published for the ODC by Praeger Publishers, Inc. The Overseas Development Council is a private, non-profit center founded in 1969 to increase American understanding of the problems faced by the developing countries and the importance of these countries to the United States. The Council analyzes major issues in U.S.-developing world relations and presents its conclusions to policy makers and the general public through publications, seminars and meetings, and liaison with other organizations.

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NON MILITARY FOREIGN AID PROGRAMS THREATEN BY DRASTIC REDUCTION IN FY 1975 FOREIGN ASSISTANCE APPROPRIATION. HOUSE APPROPRIATIONS BILL HR4592 CUTS FOOD, NUTRITION PROGRAMS BY 54 PERCENT FROM $500. TO $235. PROGRAMS IN POPULATION PLANNING, HEALTH, EDUCATION, DISASTER RELIEF, UN ORGANIZATIONS, LIKEWISE, SEVERELY CUT. SENATE VOTE COULD COME AS EARLY AS MARCH 19. PLEASE WIRE OR CALL YOUR SENATORS IMMEDIATELY TO VOTE TO RESTORE ABOVE CUTS TO FULL AUTHORIZED LEVELS WHEN BILL REACHES FLOOR.

RUTH C CLUSEN LWVUS
1730 M STREET NORTHWEST
WASHINGTON DC 20036

15:41 EST

MGMHOUT HSB

Sent To Bentsen Tower

3/18/75
Telegram sent to Tower + Bentsen
Urge vote against HR4592 which will drastically cut non military foreign aid programs - Restore cuts to full authorized levels

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MAR 24 1975

memorandum

League of Women Voters Education Fund

March 7, 1975 THIS IS GOING ON DPM

TO: State and Local League Presidents (for International Relations Chairmen)

FROM: Ruth Hinerfeld, Chairman, International Relations Committee

The LWVEF International Relations Department is pleased to be able to send you the latest issue of Commitment focusing on International Women's Year.

The UNDP Commitment contains materials which supplement the December memo on IWY to state League presidents and the article in the Fall issue of the VOTER. It also contains an insert listing programming ideas and resources on IWY.

Please pass this material to your state or local International Relations Chairman (or whichever Board member has this portfolio) so that she may use them in programming.

Contributions to the Fund are deductible for income tax purposes

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

MAR 3 1975

memorandum

The League of Women Voters of the United States

February 27, 1975

To: State Leagues and selected local Leagues in cities where trade hearings are scheduled *

From: Ruth L. Sims, Action Chairman and Ruth Hinerfeld, International Relations Chairman

Re: Follow-up on Regional Hearings by U.S. International Trade Commission

We want to share with you the gratifying experience we have just had at the opening session of the U.S. International Trade Commission hearings. The hearings which began in Washington,D.C. will be conducted in 13 cities and we urge, if you have not already done so, that you seriously consider testifying in your region. Only a few Leagues have notified us that they are planning to testify. Furthermore, we were told by the Commission staff that requests to testify at the hearings outside Washington,D.C. have been disappointingly sparse.

At the initial hearings in Washington, February 25th, the League's testimony met with appreciation. Several Commissioners expressed the hope that League members would be present to testify at every one of the regional hearings. It may interest you to know that the Chairman of the Commission, Former U.S. Representative Catherine Bedell stated that her introduction to trade matters came as a result of having been a member of the League of Women Voters of Yakima, Washington.

A copy of our testimony is enclosed along with our original memo of January 31, 1975 and the schedule of regional hearings. You will want to adapt our testimony to the trade interests of your state and/or locality. The Commissioners will be particularly interested in anything you can tell them of your experiences with community programs on trade and state or local trade surveys. Please let us know if your are planning to testify, and send a copy of your testimony to the L.A.D.

Our experience at the hearing indicated that the League's approach provides a very important and needed perspective for the newly-structured U.S. International Trade Commission. Under the Trade Act of 1974, the Commission is charged with larger responsibilities than decisions on tariffs and related matters. The Commission will be giving more consideration to the total impact of trade, particularly in granting import relief and adjustment assistance. Therefore, these hearings offer an opportunity for the Commission to assess broad trade issues. We again strongly urge you to take advantage of this important series of hearings.

*

Cities	Dates (1975)	Cities	Dates (1975)
New Orleans, La.	March 4-5	Boston, Mass.	April 3-4
Atlanta, Ga.	March 6-7	Chicago, Ill.	April 8-9
Phoenix, Ariz.	March 11-12	Cleveland, Ohio	April 10-11
San Francisco, Calif.	March 13-14	Denver, Colo.	April 14-15

(over)

Cities	Dates (1975)	Cities	Dates (1975)
Minneapolis, Minn.	March 18-19	Omaha, Nebr.	April 16-17
Portland, Oreg.	March 20-21	Kansas City, Mo.	April 18-19
New York, N.Y.	April 1-2		

The Commission seeks the views of interested parties at its public hearings. If you are unable to testify in person, a written submission for the record is acceptable.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

MAR 3 1975

memorandum

The League of Women Voters of the United States

This is NOT going on DPM
January 31, 1975

TO: State Leagues and selected local Leagues in cities where trade hearings are scheduled

FROM: Ruth L. Sims, Action Chairman, and Ruth Hinerfeld, International Relations Chairman

RE: Regional Hearings Under Trade Act of 1974

Provisions of the newly-enacted Trade Act of 1974 require that the U.S. International Trade Commission (formerly U.S. Tariff Commission) conduct public hearings to elicit views on the economic impact of future tariff reductions. The Commission will take these views into consideration in its recommendations to the President regarding the U.S. position at upcoming international negotiations.

Under the new Act, the Commission's powers are greatly strengthened. The Commission will play a substantial role in determining under what circumstances measures such as adjustment assistance should be granted. It will also make recommendations concerning import restrictions, antidumping measures and countervailing duties when such action is deemed appropriate. These recommendations will be critical in achieving significant progress in reducing barriers to trade.

The League of Women Voters of the U.S. has been specifically asked to testify at the hearings in Washington, D.C. We suggest that state and local Leagues also consider testifying at the regional hearings. League testimony may serve as a counterpoint to that of many special interest groups which are expected to testify. Testimony should be brief and emphasize League positions and factual information on the impacts of trade in your area. The hearings provide an excellent opportunity to present the results of local trade surveys and other recent information you may have gathered.

State Leagues in those states where hearings are scheduled can provide the focal point for the coordination of testimony. They may wish to contact local Leagues which have particularly relevant information. Neighboring state Leagues may wish to ask the state League where the hearing is scheduled to submit their testimony.

Write the Secretary of the Commission, U.S. International Trade Commission, Washington, D.C. 20436 to request time to testify and more specific information.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

The League of Women Voters of the United States

February 25, 1975 MAR 3 1975

TESTIMONY BEFORE THE INTERNATIONAL TRADE COMMISSION

by
Ruth J. Hinerfeld, Vice President
and Chairman, International Relations Committee
League of Women Voters of the United States

Madame Chairman, members of the Commission, I represent the League of Women Voters of the United States, a volunteer citizens' organization of 1,350 Leagues with approximately 150,000 members in the 50 states. We are pleased to have this opportunity to present the views of our members before the International Trade Commission, the key agency in translating the general direction of U.S. foreign economic policy into specific recommendations affecting individual firms and citizens.

The League has long supported a liberal U.S. trade policy because we believe the expansion of international trade serves the political and economic interests of this country and its citizens. We are not experts on particular products and we are not here to speak to the potential effects of specific trade concessions nor to document trends in production, costs, employment and imports. We have a different mission . . . to disprove the axiom that "Everybody's business is nobody's business" by presenting what our members consider to be the broader interests of the general public. And we urge the Commission to take our views into account when making import damage determinations and recommending remedies.

League members first became involved with trade issues more than 45 years ago. We worked for every extension of the Trade Agreements Act of 1934, for the General Agreement on Tariffs and Trade, and the Trade Expansion Act of 1962. But our position is not a stubborn clinging to historical economic theories and conditions. We have continually studied the effects of foreign trade on the domestic economy and have updated our ideas and opinions based on periodic evaluations. Our most recent study was in 1972/73 when local Leagues across the country reexamined patterns of U.S. trade with particular attention to the [illegible] effects of imports on domestic workers and industries. Many League members conducted community-level surveys to determine local attitudes on foreign trade. Following this intensive study, we reaffirmed our belief, through a process of member consensus, that liberal U.S. trade policy stimulates economic development at home, benefits the consumer, and paves the way for political harmony with other nations.

Based on the findings of our recent study, we worked hard during 1973 and 1974 in support of passage of the Trade Act -- not because we considered it a flawless piece of legislation, but because we saw it as the only vehicle available through

which the United States could play an international role commensurate with its economic position in the world and its longstanding commitment to the expansion of international trade.

Many nations throughout the world are undergoing the most severe economic difficulties they have encountered since World War II. Recent international events have demonstrated, in some cases all too painfully, the interdependence of nations. National economies are now linked -- for better or worse -- in a single world economy. Citizen reactions to the realities of interdependence vary. Some argue for a return to a less complex world, where nations reduce their vulnerability to outside economic forces by striving for self-sufficiency. Others feel that interdependence increases opportunities for international cooperation and decreases whatever benefits are perceived from confrontation. According to this view, which is, indeed, the League's view, the nations of the world must resolve their current economic problems in a spirit of compromise. The alternative is a return to the beggar-thy-neighbor policies of the Thirties and a worsening of the worldwide economic crisis.

So badly hit by the effects of worldwide inflation that they have had to drastically curtail their purchases of vital imports are many of the developing countries. The League recognizes the gross disparity in trading positions between the developed and developing nations. We feel the exports of the developing countries must be expanded if they are to broaden their economic base and improve their people's standard of living. Providing access to U.S. markets not only contributes to the development process, but also assures an ongoing, mutually beneficial relationship between the United States and the developing world. The United States has recently learned that the frustrations of the developing countries can directly affect U.S. economic interests. More raw material cartels modeled after OPEC are being formed. Such efforts may or may not be successful, but they are a significant reminder of the costs of ignoring the legitimate economic concerns of Third World nations.

Because of the League's interest in opening U.S. markets to developing nations, we supported the inclusion in the Trade Act of 1974 of generalized tariff preferences for products from the developing nations. We were disappointed by the limitations imposed on the extension of generalized preferences. We hope, however, that the preference scheme and other provisions of the Trade Act will be carried out in a way which allows the most generous access possible to U.S. markets for developing nations' goods.

We believe that an outward-looking U.S. foreign economic policy will benefit all nations. But we know that the fears of citizens who see the economic stability of the world severely shaken must also be addressed. In the United States, we are currently experiencing an inflation rate exceeding 12 per cent. Consumers, hard hit by declining real income, are aware that decreased tariffs on products imported from overseas widen choices and make paychecks go farther. But consumers are also workers. An unemployment rate of more than 8 per cent with no reprieve in sight has brought fear of the future to millions of American families. We do not believe that import restrictions are the appropriate means to overcome these fears. The reasons for the current economic difficulties in the United States are many and complex. Yet some people are searching for the easy scapegoat, and foreign imports are likely to be a prime target. In the clamor for protection from so-called "cheap imports," it is easy to forget that the United States not only imports foreign goods, but also sells its products abroad. The coun-

tries to which we sell, beset by severe inflation and recession problems of their own, are coming under similar pressures from protectionist elements. If the United States were to apply the restrictive trade practices demanded by some of its citizens, foreign retaliation would be virtually certain and markets for U.S. goods would narrow sharply. Aside from the political repercussions, which would be severe, the economic impact of an international trade war would deepen and lengthen the recession at home.

League members oppose trade barriers because we believe they serve sectional and special interests rather than national interests. We do recognize, however, that there can be exceptional conditions under which it may become necessary to regulate the flow of imports. If such measures are necessary, they should be temporary, applied under multilateral guidelines and in conjunction with measures to promote economic adjustment.

In general, however, we believe that the granting of adjustment assistance to workers, firms and communities is a more beneficial response to a Commission finding of import damage than relief in the form of tariffs, quotas, or orderly marketing agreements. The Trade Act of 1974 makes it much easier for individual companies or groups of workers or entire industries to prove that they have been damaged by import competition. As you know, this liberalization of the eligibility criteria should significantly increase the workload of the Commission as the agency responsible for hearing petitions, making findings of injury, and recommending appropriate remedies. Depending on the case, the Commission will be in the position to recommend relief either in the form of higher tariffs or other import restraints or in the form of adjustment assistance.

The adjustment assistance program established under the Trade Expansion Act of 1962 was hopelessly inadequate. League members worked for the 1974 Trade Act's liberalization of the eligibility criteria and the increase in workers' benefits. To the League, trade adjustment assistance is the keystone of a liberal trade policy. A good program can provide prompt and effective assistance to workers, firms, and communities which need it without damage to our foreign relations and at a lower cost to the economy than import restrictions. A good assistance program can help strengthen the economy by permitting a shift of resources to the most dynamic sectors.

The League believes that import restrictions, on the other hand, narrow consumers' choices and lead to higher prices; they invite economic retaliation by other countries and exacerbate political tensions. For these reasons, we favor the granting of the alternative -- adjustment assistance -- in all but the most exceptional cases. Adjustment assistance is a realistic and workable alternative to tariffs and quotas because it can prevent the full burden of economic dislocation from falling on the workers and firms directly affected by import competition.

. . . . . .

The League of Women Voters has remained committed to a liberal trade policy for almost half a century because we believe, on the basis of experience, that it not only benefits consumers, but also contributes to the growth of a healthy, competitive U.S. economy. Over time, we have observed demands for protectionist restrictions wax and wane. We have seen an endangered industry thrive again, a deficit in our balance of trade move into surplus, and material shortages turn to glut. In economics, today's apparent trend may be reversed tomorrow.

The League recognizes the pressures building in all of the industrialized nations in the face of worldwide recession and the attendant slow-down in the rate of growth of international trade. We recognize, too, the opportunity afforded by the current round of trade talks to halt the momentum of protectionism and get on with the job of liberalizing world trade. We believe that now, as in the past, the United States must take the lead in the pursuit of trade policies which help to build a strong and viable system for keeping the economic peace.

The League of Women Voters of the United States appreciates the critical role played by the International Trade Commission in determining the shape of U.S. trade policy. We are grateful to have had this unprecedented opportunity to share our views with you.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

MAR 3 1975

memorandum

The League of Women Voters of the United States

February 28, 1975

TO: State League Presidents (for International Relations Chairman)

FROM: Ruth Hinerfeld, Chairman, International Relations Committee

We are pleased to be able to send state Leagues the first issue of the One World newsletter.

One World: The Rich and the Poor, described in the LWVUS Committee Guide "International Relations Programming, 1974-75" has published a newsletter in order to share the experience and techniques developed in those communities which have already played a part in the One World experiment. The LWVEF is a member of the coalition at the national level, and Leagues in states with pilot coalitions have played leadership roles. We anticipate that Leagues will find the publication useful as a source for program ideas and resource materials. If you wish further information about the One World project, please write to Clifflyn Bromling, Director, One World: The Rich and the Poor, c/o Overseas Development Council, 1717 Massachusetts Avenue, Washington, D.C. 20036.

Please pass this material on to your state International Relations Chairman (or whichever Board member has this portfolio) so that she may use it in programming.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

FEB 3 1975

memorandum

The League of Women Voters of the United States

This is NOT going on DPM
January 31, 1975

TO: State Leagues and selected local Leagues in cities where trade hearings are scheduled

FROM: Ruth L. Sims, Action Chairman, and Ruth Hinerfeld, International Relations Chairman

RE: Regional Hearings Under Trade Act of 1974

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Write the Secretary of the Commission, U.S. International Trade Commission, Washington, D.C. 20436 to request time to testify and more specific information.

UNITED STATES INTERNATIONAL TRADE COMMISSION

PUBLIC INFORMATION

Washington, D.C. 20436 OFFICE OF THE SECRETARY Telephone 523-0161

Contact: Mr. Kenneth R. Mason - 202/523-0161

For release
January 22, 1975

INTERNATIONAL TRADE COMMISSION ANNOUNCES NATIONWIDE HEARINGS ON IMPACT OF FUTURE INTERNATIONAL TRADE AGREEMENTS

The U.S. International Trade Commission (formerly the U.S. Tariff Commission) today announced nationwide hearings for the purpose of seeking the views of all segments of agriculture, business, labor, consumers, and the general public concerning the economic impact of future tariff reductions which the President can make through international trade agreements under the Trade Act of 1974.

Public hearings will be held in Washington, D.C., and 13 other cities beginning on February 25 and continuing through March and April in accordance with the following schedule:

Cities	Dates (1975)	Cities	Dates (1975)
Washington, D.C.	February 25-27	Boston, Mass.	April 3-4
New Orleans, La.	March 4-5	Chicago, Ill.	April 8-9
Atlanta, Ga.	March 6-7	Cleveland, Ohio	April 10-11
Phoenix, Ariz.	March 11-12	Denver, Colo.	April 14-15
San Francisco, Calif.	March 13-14	Omaha, Nebr.	April 16-17
Minneapolis, Minn.	March 18-19	Kansas City, Mo.	April 18-19
Portland, Oreg.	March 20-21	Washington, D.C.	April 8- until completed
New York, N.Y.	April 1-2		

The Trade Act of 1974 authorizes the President to enter into trade-agreement negotiations and, within limits, to change U.S. import duties to carry out concessions made in such agreements. The President may eliminate duties that are not over 5 percent ad valorem (or the equivalent) and reduce higher duties by as much as 60 percent.

The Commission seeks the views of interested parties, either in writing or at its public hearings. It is interested in developing factual information on trends in domestic production, investment, capacity, profits, and employment; the availability and costs of raw materials; trends in imports and in the price relationships between domestic and imported articles; relative technologies

of domestic and foreign industries producing like or directly competitive products; the extent to which duty reductions may be reflected in market prices both of the domestic and imported products; the market outlook for both domestic and imported products as a result of duty reductions of the magnitude authorized by the act; and the effect of market changes on consumer interests.

On January 14, 1975, the President published and furnished the International Trade Commission a list of articles on which he will consider granting concessions in international trade negotiations. This list, copies of which may be obtained from the Secretary of the Commission, includes all importable articles except certain bearings, certain ceramic tableware, and certain petroleum products, which the Trade Act of 1974 excludes from consideration for trade-agreement concessions.

The Commission is to assist the President in judging the probable economic impact of the proposed duty changes on U.S. manufacturing, agriculture, mining, fishing, labor, and consumers. As part of its advice, the Commission may recommend that reductions in duties should be staged over longer periods of time than specified in the Trade Act, in order to give domestic producing interests additional time to adjust to a possible increase in imports. The International Trade Commission is required to give its views to the President on or before July 14, 1975.

As indicated above, the first public hearing will be held February 25-27, 1975, in the hearing room of the U.S. International Trade Commission, 8th and E Sts., N.W., Washington, D.C. It will resume in Washington on April 8, 1975. Hearings will be held in cities outside Washington, D.C., during March and April. The hearings in cities other than Washington, and in Washington beginning on April 8, will continue until all interested parties have been heard. Notice will be furnished as to the locations of hearing rooms in cities other than Washington.

Requests to appear at the public hearings shall be filed in writing with the Secretary of the Commission at least 2 weeks prior to the commencing date of the hearing in the city at which the appearance is to be made. Questions respecting the hearings should be directed to the Secretary. Parties wishing to testify at one of the hearings should obtain from the Commission a copy of the public notice issued January 1975.

EXCERPTED FROM TRADE ACT OF 1974 (PL 93-618)

CHAPTER 3—HEARINGS AND ADVICE CONCERNING NEGOTIATIONS

SEC. 131. INTERNATIONAL TRADE COMMISSION ADVICE.

(a) In connection with any proposed trade agreement under chapter 1 or section 123 or 124, the President shall from time to time publish and furnish the International Trade Commission (hereafter in this section referred to as the "Commission") with lists of articles which may be considered for modification or continuance of United States duties, continuance of United States duty-free or excise treatment, or additional duties. In the case of any article with respect to which consideration may be given to reducing or increasing the rate of duty, the list shall specify the provision of this title pursuant to which such consideration may be given.

(b) Within 6 months after receipt of such a list or, in the case of a list submitted in connection with a trade agreement authorized under section 123, within 90 days after receipt of such list, the Commission shall advise the President with respect to each article of its judgment as to the probable economic effect of modifications of duties on industries producing like or directly competitive articles and on consumers, so as to assist the President in making an informed judgment as to the impact which might be caused by such modifications on United States manufacturing, agriculture, mining, fishing, labor, and consumers. Such advice may include in the case of any article the advice of the Commission as to whether any reduction in the rate of duty should take place over a longer period than the minimum periods provided by section 109(a).

(c) In addition, in order to assist the President in his determination of whether to enter into any agreement under section 102, the Commission shall make such investigations and reports as may be requested by the President, including, where feasible, advice as to the probable economic effects of modifications of any barrier to (or other distortion of) international trade on domestic industries and purchasers and on prices and quantities of articles in the United States.

(d) In preparing its advice to the President under this section, the Commission shall, to the extent practicable—

(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles;

(2) analyze the production, trade, and consumption of each like or directly competitive article, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

(3) describe the probable nature and extent of any significant change in employment, profit levels, and use of productive facilities, and such other conditions as it deems relevant in the domestic industries concerned which it believes such modifications would cause; and

(4) make special studies (including studies of real wages paid in foreign supplying countries), whenever deemed to be warranted, of particular proposed modifications affecting United States manufacturing, agriculture, mining, fishing, labor, and consumers, utilizing to the fullest extent practicable United States Government facilities abroad and appropriate personnel of the United States.

(e) In preparing its advice to the President under this section, the Commission shall, after reasonable notice, hold public hearings.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

PUBLIC NOTICE

OF

INVESTIGATION AND HEARINGS

Investigation No. TA 131(b)-1

Under Section 131 of the

Trade Act of 1974

With Respect to

President's List of Articles Which may be Affected

by International Trade Negotiations

Issued January 20, 1975

UNITED STATES INTERNATIONAL TRADE COMMISSION
/TA-131(b)-1/

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE AFFECTED
BY INTERNATIONAL TRADE NEGOTIATIONS

Notice of Investigation and Hearings

On January 14, 1975, the President, pursuant to section 131(a) of the Trade Act of 1974 (hereinafter referred to as "the Act"), furnished the United States International Trade Commission (hereinafter referred to as "the Commission") a list of articles (hereinafter referred to as the "President's list") to be considered in international trade negotiations to be conducted under authority of section 101 of the Act. The President's list is published in paragraph 11-B of his "Notice of International Trade Negotiations and of Articles which may be Affected by such Negotiations" (40 F.R. 2659).

1. investigation instituted.--In accordance with the President's request and section 131 of the Act, the Commission has instituted an investigation for the purpose of obtaining, to the extent practicable, information of the kind described in section 131(d) of the Act for use in connection with the preparation of advice to the President required by section 131(b) of the Act. This advice will be the Commission's judgment, with respect to each article included in the President's list, as to the probable economic effect of the continuance, elimination, or reduction of United States duties, or continuance of United States duty-free or excise treatment, on industries producing like or directly competitive articles and on consumers.

II. Procedure for conduct of hearings and submission of written views:

A. Public hearings in connection with the investigation will be held in the following cities commencing at 10 a.m. on the dates indicated:

Cities	Dates 1/ (1975)	Cities	Dates 1/ (1975)
Washington, D.C.	February 25-27	Boston, Mass.	April 3
New Orleans, La.	March 4	Chicago, Ill.	April 8
Atlanta, Ga.	March 6	Washington, D.C.	April 8
Phoenix, Ariz.	March 11	Cleveland, Ohio	April 10
San Francisco, Calif.	March 13	Denver, Colo.	April 14
Minneapolis, Minn.	March 18	Omaha, Nebr.	April 16
Portland, Oreg.	March 20	Kansas City, Mo.	April 18
New York, N.Y.	April 1		

Further notice will be published in the Federal Register as to the names and locations of the hearing rooms in cities other than Washington. The public hearings in Washington, D.C., will be held in the hearing room of the U.S. International Trade Commission, 8th & E Streets, N.W., Washington, D.C., commencing at 10 a.m. on the dates indicated.

1. Requests to appear at the public hearings shall be filed in writing with the Secretary of the Commission at least two weeks prior to the commencing date of the hearing in the city at which the appearance is to be made. Such requests shall contain the following information:

1/ The hearings in Washington, D.C. scheduled to begin February 25 will conclude on February 27; those scheduled to begin April 8 will continue until all interested parties have been heard. The hearings scheduled in cities other than Washington, D.C., will continue until all interested parties have been heard.

a. A description of the article or articles on which testimony will be presented, including, if possible, the item number or numbers in the Tariff Schedules of the United States 1/ covering the article or articles.

b. The name and organization of the witness or witnesses who will testify, and the name, address, telephone number, and organization of the person filing the request.

c. A statement indicating whether the testimony to be presented will be on behalf of importers, domestic producers, consumers, or other interests.

d. A careful estimate of the aggregate time desired for presentation of oral testimony by all witnesses for whose appearances the request is filed.

2. Allotment of time.--Because of the extensive scope of the President's list, limitation of time for the presentation of oral testimony is in the public interest. Accordingly, in scheduling appearances at the hearing the time to be allotted to witnesses for the presentation

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1/ The Tariff Schedules of the United States Annotated (1975) is for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402; and is also available for inspection without charge at any field office of the U.S. Customs Service or the Department of Commerce and at depository libraries.

of oral testimony will be limited as circumstances require. Supplemental written statements will be allowed in all cases, and should be submitted at the time of presentation of oral testimony.

3. Notification of date of appearance.--Persons who have properly filed requests to appear will be individually notified in advance of the date on which they will be scheduled to present oral testimony and of the time allotted for presentation of such testimony.

4. Order of hearings.--To the extent practicable the hearings at each city will follow the order of the Tariff Schedules of the United States, beginning with Schedule I, Animal and Vegetable Products.

5. Questioning of witnesses will be limited to members of the Commission and its staff.

B. Written information and views in lieu of appearances at the public hearings may be submitted by interested persons. A signed original and nineteen true copies of such statements shall be submitted. Business data which it is desired shall be treated as confidential shall be submitted on separate sheets, each clearly marked at the top "Business Confidential." All written statements, except for confidential business data, will be made available for inspection by interested persons. To be assured of consideration by the Commission, written statements in lieu of appearances should be submitted at the earliest practicable data, but not later than the date of the closing of the public hearings.

III. Communications to be addressed to Secretary.--All communications regarding the Commission's investigation should be addressed to the Secretary, United States International Trade Commission, Washington, D.C., 20436.

* * * * * * * * * * * * * *

By direction of the United States International Trade Commission.

KENNETH R. MASON
Secretary

Issued: January 20, 1975

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

DEC 20 1974

League of Women Voters Education Fund

This is going on
Duplicate Presidents Mailing

December, 1974

TO: State and Local League Presidents

FROM: Ruth Hinerfeld, International Relations Chairman
Carol Toussaint, Public Relations Chairman

RE: PBS Documentary on World Hunger (See enclosed PBS announcement)

A public television report, "World Hunger. Who Will Survive?" should be of interest to all Leagues which are concerned with the food question or want to plan a program on the subject. The broadcast is scheduled for Monday, January 27. It will be transmitted nationally, from 8 to 9:30 PM, Eastern Time, on the Public Broadcasting Service (PBS). Local listings should be checked for broadcast time.

The special documentary was filmed in India, Niger, Colombia, Mexico and at the World Food Conference in Rome. Bill Moyers will act as host.

Food and world hunger have been making headlines as a result of the November World Food Conference in Rome, and many Leagues are involved in programs and activities dealing with the food question. We have heard from Leagues which have participated in the World Hunger Action Coalition petition campaign or are taking a look at world hunger and its implications for U.S. development assistance policies. Leagues are also examining the domestic effects on the poor of food shortages and higher prices.

For your information: A LWVEF Update on food and population is scheduled for publication and should be available by March of next year.

# # # # #

Contributions to the Fund are deductible for income tax purposes

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

news release

The League of Women Voters of the United States

JAN 1 1975

Contact:
Heather Firehock
Public Relations
296-1770

DECEMBER 20, 1974

STATEMENT BY RUTH C. CLUSEN
PRESIDENT, LEAGUE OF WOMEN VOTERS OF THE U.S.
ON PASSAGE OF TRADE REFORM ACT

The League of Women Voters congratulates Congress on its final vote for the Trade Reform Act today. As one who has worked for its passage for two long and stormy years, the League is convinced that it represents an important weapon in our concurrent battles against inflation and recession.

Events of the past two years have painfully underscored the fact that no nation is an economic island and that global cooperation is essential if we are to solve the complex economic problems crippling our economy.

During the fiscal crises of the '30s Congress turned to protectionism with disastrous results. Today's action reinforces a national commitment to cooperation. With judicious and equitable use of the Act's negotiating powers, the United States can make a much needed contribution to alleviating domestic and foreign marketplace imbalances.

# # #

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

news release

The League of Women Voters of the United States

Contact:
Heather Firehock
Public Relations
296-1770

DEC 17 1974

FOR RELEASE ON RECEIPT
DECEMBER 12, 1974

Washington, D.C.--The League of Women Voters intensified its lobbying effort in behalf of the Trade Reform Act today in a final push to get the bill passed in this session of Congress.

In a telegram to all Senators, Ruth Clusen, president of the League, urged the Senate today to vote for a cloture motion prohibiting non germane amendments and limiting debate.

In supporting the motion to limit debate, the League departs from its usual policy of supporting full debate on important legislation.

"The lateness of the hour and the urgency of the legislation called for extreme measures," explained Ruth Clusen. "Congress must pass the trade bill before the end of this session to avoid serious economic consequences for the nation. Postponement will mean months if not years of delay in trade negotiations."

"Trade policy affects many areas beyond trade," noted Mrs. Clusen. Our international trade policies can determine the climate and often provide the motivation for international cooperation in other areas of equal or greater significance such as world peace. The prospect of detente with the Soviet Union, achieved while increasing our trade activity with the Soviets is a case in point.

"On the other end of the spectrum, the ripple effect of international trade policy impacts on all of us -- in our grocery bills, and in long lines or the lack of them -- at our local gas stations," continued Mrs. Clusen.

MORE

DEC 17 1974

DEC - 7 1974

"Energy and commodities shortages and worldwide inflation could make international trade negotiations more difficult in the future," said Mrs. Clusen. "The weakened state of the international economy will encourage nations to move in the direction of protectionist trade policies which will further weaken international trade.

"Multilateral negotiation is necessary to prevent a series of economic confrontations between nations and bring about a balanced trade economy. Without passage of the Trade Reform Bill the American government lacks the authority to make multilateral agreements," Mrs. Clusen pointed out.

"The Trade Reform Act contains the legislative authority essential to US participation in the Tokyo Round of multilateral trade negotiations. These talks have been stalled for 18 months because of the lack of US negotiating powers."

The League of Women Voters has lobbied intensively for passage of trade reform legislation in letters, telegrams, and testimony in the past two years.

# # #

DEC 11 1974

To: National and Texas League of Women Voters

Re: Trade Reform Act, in response to Time for Action.

From: League of Women Voters of the San Antonio Area

Telegrams sent on December 3 stating: to Senators

Urge support Trade Reform Act without prolonged debate.

Quick resolution in Conference Committee before adjournment.

Sent by International Relations chairman in name of League.

June Kachtik, Legislative Action Chairman.

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES 1730 M STREET, N.W., WASHINGTON, D.C. 20036 — LEAGUE ACTION SERVICE — $7.50 A SESSION

NOV 25 1974

Action Alert

SPOTMASTER REMINDER: For latest developments, call every weekend from 5 pm Friday through noon Monday, until further notice: 202-296-0218.

November 19, 1974

THIS IS GOING ON DPM

TO: State and Local League Presidents

FROM: Ruth Clusen, President; Ruth Hinerfeld, International Relations Chairman; Ruth Sims, Action Chairman

RE: Trade Reform Act

STATUS REPORT: Chances have improved for passage of the Trade Reform bill in this session of Congress. The Senate Finance Committee November 20 unanimously voted to report the bill after an agreement was reached for Secretary of State Kissinger to testify December 3 to clarify the compromise between the Administration and Senator Jackson (D WA) concerning Soviet MFN status and liberalized emigration (see R/H,93-II-7 October, 1974 for details). Senator Byrd (I VA) pressed the committee to get more details of the Jackson Amendment to determine whether or not the committee should support it.

Though the bill has been ordered reported, it will not come to the Senate floor until after the Kissinger appearance before the committee. Now that the Senate Finance Committee logjam has been broken, time is the major obstacle to passage: Senate floor debate, conference between the two branches and final enactment must all occur in December.

Senator Long (D LA) announced that floor debate on the bill will begin December 5. To ensure final action before the end of the 93rd Congress, grassroots support is essential.

ACTION: 1. Contact allies in your community, such as international businesses, Chambers of Commerce, consumer groups and other liberal trade organizations, and ask them to write their Senators. Letters or visits to the press are also good ways to stimulate interest. Remember, Senators constantly read their local papers to keep in touch with their constituencies. (See R/H, 93-II-3, April 23, 1974 and the July 1, 1974 memo, "Building Support for the Trade Bill".)

2. Write, wire or call your Senators and tell them that passage of the Trade Reform Act is imperative for trade negotiations to begin. Tell your Senator to approve the Trade Reform Bill without prolonged debate. Proponents of the bill fear that perfecting amendments could fail and thus hurt chances for good compromises in conference. See R/H, 93-II-7, p. IR 2, October 1974.)

Support quick resolution of differences between the Senate and House bills by a conference committee and immediate favorable action on the conference report before Congress adjourns.

POLITICS OF TRADE: Supporters of liberalized trade want the Trade Reform bill enacted in this Congress. The timetable is tight with only three weeks for Senate floor action, conference with the House and final enactment. We are urging Senators to limit floor debate and to oppose any amendments which would jeopardize the chances for passage within the limited time left.

Organized labor, the chief opponent of the bill, is reportedly preparing "protectionist" amendments in an attempt to kill the bill through delaying tactics. It is also feared that the bill could be turned into "Christmas-tree" legislation with Senators attaching various special interest riders.

Amendments concerning multinational corporation foreign source income, tax reform or trade with communist countries could lead to protracted floor debate. An amendment of particular concern has been submitted by Senator Buckley (C NY) to deregulate wellhead natural gas. Other Senators have threatened to filibuster the bill if the Buckley amendment passes. Senator Long (D LA) has said he will recommit the bill if too many amendments are attached.

LEAGUE POSITION ON KEY PROVISIONS: The League opposes certain Finance Committee revisions in the bill. However, the League supports passage of the bill as written rather than risk lengthy debate over amendments on the Senate floor. A comparison of the House-passed and Senate Finance bills, the latter based on committee press reports, is attached for your information. In general, the League supports the less restrictive House measure. We are particularly displeased with the following Senate provisions:

The Mandatory Escape Clause. The Senate Finance Committee would require the President to impose restrictions on imports automatically whenever the Tariff Commission finds serious injury to domestic industry. The President would be required to impose higher tariffs, tighter tariff rate quotas, quantitative restrictions, or orderly marketing agreements. The President could substitute adjustment assistance if the Tariff Commission ruled that it would provide protection equivalent to import restrictions. Such actions would deny the President the opportunity to decide what solution best fits the overall national interest in regards to industry, workers and consumers. It would limit U.S. flexibility and invite foreign retaliation against U.S. exports.

Non-Discriminatory Treatment. The Senate version would prohibit the President from extending concessions negotiated with one country to products of any other industrialized country unless he determines that the latter country has agreed to extend reciprocal and equivalent concessions to U.S. products. This provision could lead to an unraveling of trade concessions granted the U.S. in the past and require bilateral balancing of concessions, rather than allowing a balancing of trade concessions through multilateral negotiations. Multilateral negotiations make possible a concession by country A to country B, country B to country C and country C to country A. The Senate version would stop such trade bargaining and reduce the flexibility of U.S. negotiators.

Denials of General System of Preferences (GSP). The Senate Finance Committee bill would place onerous restrictions on the President in granting duty-free tariff treatment to products of developing countries. (See attached comparison for restrictions.) If the United States is genuinely interested in helping the developing countries earn more foreign exchange by preferential access to developed countries' markets, it should impose the fewest conditions as possible.

The League will work in Washington to amend these provisions in conference. Our greater concern is enactment of the bill; therefore, we are asking Senators not to submit amendments to the bill, nor permit protracted floor debate. This is the message you should get across now.

League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D.C. 20036

November 19, 1974

TRADE BILLS COMPARED

HOUSE-PASSED BILL	SENATE FINANCE BILL*
Title I: Negotiating and Other Authority	
Tariff Cuts	
Authority to eliminate tariffs of 5% or less; cut up to 60% tariffs over 5%, but less than 25%; and cut higher tariffs by as much as 75%.	Authority to eliminate tariffs of 10% or less; cut higher tariffs by 50%.
Tariff Increases	
Rates can be raised by 50% above 1934 rates or 20% above current rates, whichever is higher	Similar
Nontariff Barriers (NTB)	
Authority to reduce or eliminate NTB's with agreements to take effect automatically unless either House vetoed them within 90 days; allows conversion of NTB's to tariffs subject to same negotiating powers as apply to other tariffs.	Authority to reduce or eliminate NTB's, subject to affirmative action by both Houses of Congress. Appropriate committees have 45 days to recommend action on agreements; Houses have 15 days to approve.
Access to Supplies	
No similar provision	Directs President to enter negotiations to improve international rules on access to supplies and for multilateral action for denial of access.
Balance of Payments Authority	
Authorizes President to impose surcharges and quotas for up to 150 days to deal with balance of payments deficits.	Extends authority to 180 days.
Other Negotiating Authority	
President authorized to reduce duties and quotas on supplies determined to be inadequate to meet domestic demand.	Provision deleted as too vague, leaving authority for Congress to reduce or suspend duties.
Title II: Relief from Injury Caused by Imports	
Adjustment Assistance	
Easier eligibility; jobless benefits equal to 70% of worker's previous wage for 26 weeks and 65% for next 26 weeks, not to exceed national average weekly	Easier eligibility; jobless benefits equal to 70% of worker's previous wage up to 52 weeks, not to exceed national average weekly wage; retraining, relocation

*Senate provisions based on Committee press releases. Final legislative language will not be available until bill is printed in about a week. In the interest of timely action, we could not wait. However, no major discrepancies are expected.

HOUSE-PASSED BILL	SENATE FINANCE BILL
wage; retraining, relocation allowances; technical aid, loans for firms; U.S. to pay all costs.	allowances; technical aid and loans for firms; U.S. to share costs with the states. Added provision for grants and loans to communities impacted by serious import competition.
Import Relief/Escape Clause	
Easier eligibility: President may grant relief with the following order of preferences: increased tariffs; tariff rate quotas; quotas and orderly marketing agreements. Congress has 90 days to veto if President uses quotas or marketing agreements.	Easier eligibility: President required to increase tariffs, impose orderly marketing agreements, or tighten quotas when Tariff Commission rules that imports are causing serious injury; adjustment assistance is an option, if Commission rules equivalent to import restriction. Congress could disapprove presidential relief remedy and adopt remedies recommended by Tariff Commission.
Title III: Relief from Unfair Trade Practices	
Retaliation Authority	
President can retaliate against countries that discriminate against U.S. goods or services, subject to congressional veto.	Retaliatory authority clarified to include services, e.g. shipping, aviation, insurance as well as U.S. goods. Preference expressed for selective retaliation, but President can retaliate on MFN basis, subject to congressional veto.
Antidumping and Countervailing Duties	
New time limits set for remedies and added protection against unfair trade practices. President given limited discretion to waive countervailing duties for up to 4 years if duties would seriously prejudice trade negotiations; only one year if imports are produced and subsidized by developed country.	New time limits set for remedies and added protection against unfair trade practices. President given broader discretion to waive countervailing duties for up to 5 years, subject to veto by Congress.
Title IV: Most-Favored Nation (MFN) Treatment; Trade with Non-Market (Communist) Countries	
President can grant MFN treatment to Communist countries that join GATT, if he finds no emigration discrimination; finding subject to annual veto by Congress.	President can grant MFN treatment to Communist countries, only through bilateral agreements, for one year without congressional approval; thereafter annual renewal subject to approval. (The Jackson amendment concerning Soviet emigration would waive restrictions for 18 months; will be voted on the floor).
Title V: General System of Preferences (GSP)	
President given authority for 10 years to extend duty-free treatment to imports from less developed countries. Preferences not available if imports exceed $25 million or account for 50% of all imports of that product or to countries failing to withdraw preferences granted to other developed countries.	Similar authority with following restrictions: Excludes non-GATT, non-IMF Communist countries; countries withholding vital supplies or charging monopoly prices; countries which expropriate U.S. property without prompt relief; and those not stopping drugs from entering U.S. Preferences conditioned on U.S. access to markets and raw materials.

Intl Relations

NOV 18 1974

THE LEAGUE OF WOMEN VOTERS OF GARY

MEMORANDUM

October 22, 1974

To: Interested League Members and Friends

From: Mrs. Roberta Jaffe, President
Mrs. Inez B. Brewer, Chairman, International Relations Committee

Re: Pamphlet on International Trade

The enclosed pamphlet on International Trade is the result of long and careful study and effort on the part of the International Relations Committee and other interested members and friends of the Gary League.

We think you will find it a valuable source of information and reference and we commend it to you for your personal use as well as for distribution to clubs and other organizations and to the general public.

Pamphlets are available at ten cents each or $8.50 per 100 copies.

For additional copies, send check or money order addressed to:

Mrs. Roberta Jaffe
1118 Randolph Street
Gary, Indiana 46403

or

Mrs. Lucius H. Brewer
1985 Massachusetts
Gary, Indiana 46407.

Checks should be made payable to: The League of Women Voters of Gary.

Who Needs International Trade?

NOV 18 1974

International Trade
is
Everybody's Business

Since trade is everybody's business, The League of Women Voters feels that the best interest of a community is served through consumer understanding of some of the facts and fictions about International Trade.

Without fully realizing it the average American family pays between $200 and $300 yearly in hidden subsidies for import quotas and other trade restrictions.

STATEMENT OF POSITION

"The League of Women Voters continues to believe in a liberal United States trade policy. We are convinced that the political and economic interests of this country and of its citizens collectively and individually are best served by such a policy, which paves the way for political harmony with other nations, stimulates economic development at home and abroad, and expands consumer choices. We believe that our trade policy should be flexible, effective and efficient and that it should be based on the public interest, not on special or sectional interests."

In order to stimulate your thinking we present:

SOME QUESTIONS ABOUT INTERNATIONAL TRADE

Who needs International Trade? Who Me?

Yes, you do, when you go to the grocery to buy coffee, or tea, or cocoa, or bananas, or pepper, or spice, or tamales -- none of which grow on American farms. Sugar would be more expensive, too, if it were not for our large sugar imports. And the shelves of our liquor stores would look pretty bare if they had no more Scotch whiskey or French wine.

Did you say International Trade brightens our day?

I sure did. Where do you think French perfume, English toffee, Turkish coffee, and Swedish glass are made? And where do those handy VW buses and MG sportscars come from? Or that Scandinavian furniture? Or those Honda motorcycles and Mazda cars? And how about English bone china and Italian shoes -- to say nothing of Swiss cuckoo clocks?

And did you say International Trade keeps prices from going higher? How on earth can that be?

Haven't you noticed that many of the high quality, lower priced cameras, transistor radios, portable typewriters, and children's toys are imported?

Lower priced imports give wider choices to consumers and, also provide brisk competition which helps to keep down the prices of many domestically produced goods.

Is there any way to prevent a country or group of countries from withholding vital resources?

There should be certain ground rules so that no one country can do what the Arab countries are doing.

The United States Congress is now considering legislation that would strengthen our government's power to deal with interference with the free flow of vital raw material in demand in International Trade.

What about health, safety, and environmental protection? Can these standards be safeguarded by International Trade?

Both the state and federal governments now set such standards within the United States. There is a need for them to be further developed and applied internationally as well.

Are trade rules "fair?"

In 1970-72 those who were looking for a scapegoat to blame for unemployment invented the idea that other countries' international trade policies were less "fair" than those of the U.S. On the contrary, the unemployment of those years was caused by the domestic economic policies of the U.S. government. Moreover, nearly all countries' trade policies must conform to broad principles agreed to under the auspices of the General Agreement on Tariffs and Trade (GATT). GATT, incidentally, which was set up in 1947, was originally an American idea.

Other countries' tariffs are approximately as high as ours. Some barriers to trade other than tariffs have sprung up in recent years, however, and among these non-tariff barriers the "voluntary" export restrictions the U.S. has induced other countries to impose on their exports to us affect a larger volume of trade in manufactures than the non-tariff barriers maintained by Japan and Western Europe.

Can the U.S. still compete?

It certainly can -- and highly effectively - but to do so, trade policies must emphasize the strengths, not the weaknesses, of the U.S. economy.

In the past ten years, U.S. exports of technology - intensive goods grew three times faster than its import of these goods, showing that the U.S. has a comparative advantage in the science-based industries.

Protectionists would ignore these industries while favoring policies to protect the country's least competitive, least efficient, low wage industries against competition from imports. Such policies, however, are self-defeating because trade is a two-way street and unless we accept imports we cannot expect other countries to welcome our exports. Protectionism, adopted by all countries, would mean an international trade war, as in the 1930s, and unless the large and powerful U.S. resists protectionism, we cannot expect other -- more vulnerable -- countries to do so.

We should welcome competition as a way of keeping our own industries efficient and competitive. The worst thing we could do would be to try to build a trade shelter for the U.S. economy, treating it like an invalid. Instead, we should help it gear up to keep coming out ahead in international trade in the future, as it has usually done in the past.

How can we do away with the "Ugly American" image?

A greater effort should be made to train people to speak the language of the different countries and to become acquainted with their customs. Business and industry should study actual needs of the countries to whom they sell. Export goods should be designed to meet these needs. This way our exports will be really useful and better accepted.

Why do we have foreign products in our stores?

We benefit by exchanging ideas and goods with people of other countries. No person nor any country can survive alone and we are enriched by the different resources and different skills of the various countries.

Division of labor is the main reason for International Trade.

It would be very inefficient for each country to try to become self-sufficient in all ways.

What are some of the side effects of International Trade?

International Trade influences practically all phases of international relations from **language** to **mathematics.** English is becoming the accepted international language and the metric system of measure has become the international scale of measurement.

When the Arabs cut off our oil, why didn't we stop exporting to them and make them feel the pinch?

Because retaliation just makes for more retaliation. Just more and more revenge. Also, we need them more than they need us. We are not their only source of vital imports.

The policy of conciliation toward both Israel and the Arab countries that the United States Department of State is actually following is paying off at the present time.

Except for luxury items that we could get along without if necessary, what real need do we have for imports?

We depend on imports for a rapidly increasing proportion of raw materials used in industry. These range from 100% of tin and mercury to 10 - 12% of iron ore.

How do imports affect the great American sport, bicycling?

Nearly all derailleurs (essential for gear bikes) are made in Japan, and Switzerland, This includes those used in bikes made in this country.

If trade were restricted would there be a black market?

Most likely. There is a strong possibility that restricted goods would find their way to a market.

Multinational business corporations have grown tremendously since World War II, is there any way of controlling them?

The multinational corporations need more public supervision than they have had, so that their activities will not provoke international incidents or wars.

The United Nations is currently conducting an investigation of multinational corporations that may well lead to internationally agreed codes of conduct with which they would have to comply. People in all countries, not only in the United States are concerned about them.

Don't the overseas activities of U.S. based corporations hurt the U.S. economy?

For one thing, their subsidiaries in Europe and elsewhere import large amounts of American-made equipment, basic materials, parts, and finished products that would not be exported otherwise. What these multinational corporations earn abroad is another source of gain here. And new opportunities for American trade have come about because of the stimulating effect of U.S. foreign investment on the economic growth and development of the world. This means markets for our goods.

Does international trade threaten the health of the U.S. economy?

Despite varying ills in the current state of the economy, America continues to increase its productivity - in part because of foreign competition - and is proving a desirable area for foreign investment. For example a Japanese company has bought Motorola.

But I hear we have fewer jobs here at home because of all those imports! What? You say we don't have fewer jobs at home because of imports?

Not **fewer** jobs, but maybe **different** jobs. Because of imports we have fewer American workers making fine lace, wooden clogs, cotton bedspreads, wicker baskets and embroidered blouses. But that's only half the story. International trade is a two - way street, and because we import those items, other countries can buy from us -- thing like jet stratocruisers, computers, scientific instruments, and road-building machinery -- to say nothing of Indiana's soybeans, West Virginia's coal, Iowa's corn, and Georgia's cotton.

Sure other countries can buy from the United States, but why not keep imports out anyway and protect American jobs in such industries as textiles, shoes, and sporting goods?

Because wages are much lower in those industries than they are in most of our exporting industries, such as jet aircraft and computers. Much lower. In fact, workers in some of our export industries make twice as much as workers in some industries such as textiles, clothing, and shoes where companies have to compete as best they can against imported goods. In any case, we could not sell to others without buying from them, since they need to earn the money to buy from us.

But I've heard that imports are flooding into the country taking away jobs and causing unemployment. That's bad isn't it?

It might be if it were happening -- but it's not! Last year exports increased more than imports -- exports were up more than 44% and imports rose only about 24%. So, last year international trade created American jobs -- about 400,000 jobs, in fact. The truth is that in 81 of the past 83 years we have exported more than we have imported! So how could international trade cause unemployment? Instead, it creates employment -- and in high paying jobs!

How is Indiana affected by international trade?

Indiana ranks eighth among the states in gross imports and it is therefor greatly dependent on vigorous international trade. Decrease in imports would lead to decrease in exports because other countries could buy less from us. Indiana would thus be hurt.

What are some of the commodities exported by Indiana?

Indiana exports the following:

Soy beans, feed grains, wheat, meat, transportation equipment, machinery, iron and steel and chemicals.

SUMMING UP THE POSITION

"As citizens, we profit from the increased strength and prosperity that foreign trade brings to our country. As consumers, we gain from the widened choice of goods and the price competition that foreign trade makes possible. As part of the world community, we need and want friendly trading partners, thriving neighbors, developing nations that are really developing, in a world that shrinks each day in size though not in potential."

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In Rel.

AUG 28 1974

memorandum

The League of Women Voters of the United States

AUG 28 1974

August 23, 1974

TO: State League Presidents

FROM: Ruth C. Clusen, President; Ruth J. Hinerfeld, International Relations Chairman; Ruth L. Sims, Action Chairman

RE: Status report on the trade reform bill

With the impeachment issue no longer clouding the congressional calendar, we have a new timetable and new opportunities for action on the trade bill. President Ford's appeal to Congress to pass the trade bill and his personal intervention in discussions on Title IV (restricting trade with the Soviet Union because of Soviet emigration policy) have moved the trade bill off dead center.

The Senate Finance Committee, which has kept the bill locked up since April, has held markup sessions this week. Chairman Russell Long expects to make final decisions regarding changes in the House-passed bill after the congressional recess of August 22 - September 4. Unless a major problem develops, the bill may be ready for Senate action by the end of September.

The protectionist forces know the bill's chances have been revived and they are preparing for a showdown in September. We have to prepare, too. The recess is a good time to contact your Senators, especially if he is on the Finance Committee.

Because the protectionists have been at work in the Finance Committee, be sure to urge committee members not to accept changes in the House-passed bill which would restrict trade or move the bill's philosophical thrust away from an open U.S. trade policy.

Enclosed is a reprint of a colloquy on the trade bill which took place in the Senate on July 16, 1974. It's a good resource tool for your information and use in promoting the trade bill. You will probably receive an Action Alert early in the fall ... this is to give you advance notice so you can plan ahead. We've got work to do!

(Not printed at Government expense)

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

Trade Reform Act

Mr. ROTH. Mr. President, I am pleased to participate in this bipartisan colloquy on the Trade Reform Act. Unfortunately, the importance of international trade to our economy and way of life has not been as widely appreciated as it should be. Trade is a bread-and-butter issue to all Americans. It is important to farmers, workers, and consumers. It accounts for billions of dollars of our gross national product and millions of jobs. Historically, we have been a trading nation and our economy has been prosperous when we have had a healthy balance of trade. In my home State of Delaware for 1971, the most recent year for which estimates are available, exports of manufactured and agricultural products amounted to $157 million. This was almost twice the $79 million exported just 5 years earlier in 1966.

It has been 12 years since the Congress last passed comprehensive trade legislation. The new legislation now under consideration in the Senate Finance Committee will set the general direction of our foreign economic policies over the next decade. It involves a very basic question—whether the United States will play a role of leadership in building strong and fair international economic institutions and promoting world trade or whether we will take the route of protectionism.

I believe that it is essential to pass legislation to permit the United States to engage in trade negotiations and work toward improving international economic institutions.

There is no question but that the world is facing very serious economic challenges. There are shortages of vital raw materials, double-digit inflation in most of the industrialized nations including our own, and severe strains on the international monetary system under the burden of excessive accumulations of foreign exchange by oil producers. It may very well be that few new agreements will come out of the trade negotiations. But it is imperative that the momentum be kept going in order to avoid slipping into the kind of nationalistic policies which spelled depression in the 1930's.

What we need from the Trade Reform Act is legislation to support a major effort to put American agricultural and industrial products on an equal footing with those of other countries. This legislation must provide the stimulus for new negotiations to reform GATT by removing the inequities that are a relic of the late 1940's. It must provide authority for tackling the nontariff barriers which have become the greatest obstacle to enlarging our markets overseas.

Trade legislation must also improve the protection of the United States from unfair competition and economic boycotts. The Trade Reform Act strengthens safeguards against dumping, against unfair export subsidies, and patent theft. Some of these laws date from the 1930's and are in urgent need of revision to make them effective in this decade.

It is essential that new trade legislation provide protection for industries vital to our national security and our status as a great power. We cannot allow a further deterioration of our industrial base. A healthy economy requires a strong agricultural sector and a prosperous service sector.

It is the responsibility of Congress to act on this legislation to see that it meets these needs. To date the record of Congress in regard to this bill has been a good one. Practically all observers agree that the House of Representatives made

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substantial improvements in the original bill, and I am confident that the Senate will also. I have a number of amendments to offer relating to tariff negotiating authority, adjustment assistance, and trade with the Soviet Union.

It is important to recognize, however, that legislation only sets the framework. We also need tough negotiators and a continuing process of close consultations between these negotiators and American agriculture, industry, and labor to insure the best possible representtaion for our interests. If we approach these negotiations in this spirit, we will be helping ourselves at the same time as we play a responsible role in the world economy.

Mr. President, I yield back the remainder of my time.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I would like to make a brief comment on title V of the Trade Reform Act of 1973. This little-known provision of the bill deals with a generalized system of tariff preferences which is another way of saying that it would enable the United States to help poor countries by buying more of their exports.

To be precise, this provision would grant the President 10-year authority to extend duty-free treatment to imports from developing nations subject to certain exceptions to prevent injury to a U.S. industry. The list of imports to be given duty-free treatment would be developed at hearings designed to determine products that are "import sensitive," and thus are not available for preferences. Neither would tariff preferences be provided to less developed countries who in turn provide tariff preferences of their own to imports from industrial countries other than the United States.

There is a long history to this title of the trade bill. Poorer countries have been seeking such an arrangement for more than a decade. They regard it as a supplement to foreign assistance and in some cases as a substitute. When the countries of Europe decided to support this idea in international bodies like the United Nations Trade and Development Conference, the United States followed suit. Unfortunately, the Europeans have come through on their promises but the United States has not. I believe it is time we did so.

As part of my legislative responsibilities, I have followed the effect of foreign trade on economic development. One observation is inescapable: the countries that have done the best job of raising their living standards and ending dependence on foreign aid are those who have built up a healthy export trade. This should not come as a surprise. Export industries are often the most efficient enterprises in a developing country. When the United States ended economic aid to Taiwan in the 1960's it was because the Taiwanese economy had been bolstered by an export industry that was paying for essential imports attracting foreign investment from Europe, Japan, and the United States.

The same is true in parts of Latin America. There too, export industries can help the rest of a nation's economy. Through exports, Brazil has been able to earn the foreign exchange needed to import capital equipment to develop the nation's infrastructure and improve the climate for foreign private investment.

There are other good reasons for encouraging exports from developing countries. Foreign exchange earned by exports does not have the stigma of foreign aid. It is the same as helping someone get off the welfare roles except that it does not cost anything. In fact, when we reduce tariffs on an imported product from a poor country, one of two things can happen. If the tariff was not high enough to block imports, the savings will go from the U.S. Government to the American consumer. If the lower tariff increase imports, both the consumer and the U.S. Treasury will benefit. The only possible damage would be increased competition for American producers. The trade bill provides ample remedies for such an eventuality.

If the poorer countries in the world are enabled to develop a larger stake in a range of exports to the United States rather than rely on a small number of commodities, the temptation to form producer cartels in commodities could be lessened. This threat bothers many Americans and well it should after

the experience we have had with the oil producers cartel last year. When a country develops a healthy export market in a wide range of products, it is more apt to move cautiously in offending customers and jeopardizing sales.

The granting of tariff preferences to poor countries, like the opening of trade with Socialist countries, represents an effort by the United States to complete the construction of a worldwide trading system that was envisioned at the end of World War II.

We learned then after intensive negotiations that it was impossible to build a world trade organization that would perform a function in the trade field similar to that of the International Monetary Fund in monetary policy and the World Bank in foreign assistance. At the time, we settled wisely for a trading system that would accommodate the developed countries of North America, Europe, and Japan. That system has brought great benefits to the participants. So successful has it been that the Socialist countries who originally wanted no part of it are now beginning to participate. This is fine if the proper arrangements can be worked out.

It would be even better if the world trade system could be extended to the rest of the world, largely the poor countries of Asia, Africa, and South America. It will not be easy. Many of the new industries in these countries are too vulnerable to measure up to international standards on trade. It is very much in our interest that eventually the developing countries take their place as full-fledged trading partners abiding by all the rules of the General Agreement on Tariffs and Trade and contributing to the international well-being of all countries. To reach this goal, they will need help. The help that is offered in the title V of the Trade Reform Act seems essential and the sooner we are able to provide it the better.

The ACTING PRESIDENT pro tempore. On the time now running, the Senator from Tennessee (Mr. BROCK) and the Senator from Massachusetts (Mr. KENNEDY) have been on the schedule, but their time has been running.

Mr. ROBERT C. BYRD. Very well. Mr. President, how much of Mr. KENNEDY's time remains?

The ACTING PRESIDENT pro tempore. One minute.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that Mr. JAVITS may be recognized without prejudice to other Senators.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from New York is recognized.

Mr. JAVITS. Mr. President, I am pleased to join my colleagues in speaking today on the urgency of action on the Trade Reform Act of 1973, the trade bill. This legislation, now being considered by the Finance Committee, is one of the most important pieces of legislation before this body, and is perhaps the single most important piece of legislation on international economic policy before this Congress in a decade or more.

We are reminded of a few lines from Shakespeare's Julius Caesar:

> There is a tide in the affairs of men,
> Which, taken at the flood, leads on to fortune;
> Omitted, all the voyage of their life
> Is bound in shallows and in miseries.

Now is the moment to seize the initiative on the trade bill. It has been pending here for months. It was passed by the House.

I know very intimately and personally how shaky is the international economic situation, particularly on the trade and monetary front, and how deeply worried Western Europe is—and we are, too—about confidence in the instruments of credit. I know of few things which would restore that confidence more than the enactment of the trade bill. It is a measure which is greatly needed. It will materially help our economy, whereas inaction will permit the world to slide backward into increasing protectionism and economic nationalism and, thereby encourage a world recession and a further loss of confidence in the instruments of credit which is being threatened even now.

It is clear that there is a rising tide of protectionism on the part of the developed nations of Europe and Japan, and a sharp increase in economic nationalism among the developing countries.

Mr. President, I wish to interject parenthetically at this point that the alleged objections made to bringing up the trade bill on the ground of the so-called Jackson amendment, to which I am a very active party, in my judgment are invalid. If the matter is brought up, we will

then face the issue, bite the bullet, as the saying goes, go to conference with the House; a measure will result, and some finality will occur.

It may very well be that the Soviet Union, which says that it is so deeply offended by the Jackson amendment, will not be quite so offended if the amendment is in the context of a piece of trade legislation so meaningful to the whole world, including the Soviet Union. But, in any case, we never know about these things until we face them, and the longer we defer facing them, the longer we defer a solution.

So even on that ground there should be no scare tactic and no avoiding the basic issue of bringing up the bill and dealing with it, and I am confident that we will find a way out.

As I point out, there is no assurance whatever that even if the amendment is included—and from every determination I have it will be included—that that will mean the President will veto the bill or that the Soviet Union will repudiate trade with the United States or any other hypothetical matter.

So, including that, which has been thrown up as a reason for not acting on the trade bill, I strongly feel that we should act.

Now, other factors involved, Mr. President, are a rising tide of protectionism on the part of the developed nations of Western Europe and Japan, and a sharp increase in economic nationalism among the developing countries. In the developed countries, that is, the industrial countries, essentially the so-called 10, the situation is the direct outgrowth of the colossal oil price increases imposed by the oil-producing nations. All of us know that these oil price increases have created an enormous shift in wealth and consumption power from the oil-consuming to the oil-producing nations, a shift that will produce balance-of-payments deficits in virtually all developed countries, with the impact being especially severe on Italy and the United Kingdom.

It is important to focus attention, for the purpose of the colloquy in which we engage today, on the measures that the oil-consuming countries have taken to deal with this reversal in their fortunes, and in every case it represents protectionism, and an effort to unload on other countries one's own exports when that other country itself is suffering a serious imbalance of payments. It represents bilateral deals in which, for example, countries like Japan and France seek to get in on the ground floor to provide oil for themselves, even if that means that others are being deprived of it. Italy offers the example of an import deposit scheme to limit imports, sharply higher taxes, and credit curbs to squeeze demand. France has made a number of bilateral deals with oil-producing countries, the most recent being a $4 billion deal with Iran trading nuclear reactors for oil. Japan is making a major new export drive, which has resulted in substantial export increases to the developing countries and the Communist countries. There may be nothing necessarily wrong with any of these actions by themselves and, indeed, most of them were required to deal with the situation.

But together they represent a pattern of attempting to foist individual national trade deficits on to other oil-consuming nations, and these policies reduce very materially domestic demand, that is, htese high prices which, in turn, make it more difficult to absorb the exports and only worsen the whole problem. Since policies that reduce domestic demand, such as higher taxes, limit imports as well as the consumption of domestically produced goods, a concerted effort by all industrial nations to reduce domestic demand while boosting exports cannot work, and could induce a general recession. Also, the problem cannot be solved by an increase in demand from oil-producing countries equal to the increase in revenues from higher oil prices, because many of the oil-producing countries have limited populations and a fairly undeveloped infrastructure, not conducive to the huge import increases required.

Now, to deal with this situation, two major policy measures are required. One is the development of a variety of monetary mechanisms to permit the recycling of oil revenues into productive investment and into the economies of the countries suffering the worst balance-of-payments deficits.

This can be accomplished, in my judgment, by a commitment from the central bankers of the type which was announced last week in Basel to maintain the viability of their financial institutions and multinationally to deal with this question of huge balance-of-payments credits in the hands of the Arab countries which do not have the population or the consumption power to contribute to the

world's monetary stability, and recycle that money themselves.

Therefore, the central bankers will have to do it, and they are well able to do it, as the Arabs really have no other place to put their money that they would consider relatively safe except with the central banks. So that is measure No. 1.

Measure No. 2 is the passage of the Trade Reform Act and the subsequent undertaking of trade negotiations to reduce barriers to trade. This authority which is contained in this bill for the first time giving power in respect to both of exports and imports, enabling us to cushion the effect of a sudden influx of imports, and enabling us to do it on a phased-in basis, with the greatest efficiency from the point of view of the executive direction, is so critically important as to deserve the No. 1 priority in terms of economics in our country.

This new grant of authority is needed to negotiate reciprocal tariff reductions and the removal of nontariff barriers, which while it may open the U.S. market to more competitive foreign goods, will permit greater U.S. penetration of foreign markets with resulting greater benefits to our manufacturers and workers. This legislation will also grant the President power to deal with economic assaults on our economy, such as unfair foreign trade practices in both imports and exports and such authority is very badly needed.

One should emphasize that the objective of the trade bill is an overall increase in trade. This is in sharp contrast to present efforts to limit demand while passing trade deficit from one country to another. The trade bill will actually increase production and consumption by rationalizing world production, an especially important objective now when the pressure on resources requires their more efficient use. Reducing artificial impediments to trade and rationalized world production should have the effect of increasing competition and the more optimum use of resources, which will pay off in lower prices. The trade bill represents a major means of fighting inflation, and conversely the various restrictive or protectionist measures will give inflation a boost.

Protectionist measures would increase the cost of goods for all Americans, including the rank and file of labor. Increased protectionism would also worsen our declining productivity by insulating U.S. industry from the very healthy effects of world competition. Indeed, the trade bill very properly makes provision for the specific harm that might be caused to certain firms and workers by imports through an expanded program of adjustment assistance. I have just joined with Senators BENTSEN and NELSON in an excellent measure that would further strengthen the program of adjustment assistance provided for in the trade bill. It is these measures that will cushion the impact of imports and provide the basis for retraining workers in more productive industries. Trade restrictions cost the consumers of this Nation from $3.3 to $5 billion per year, far more than even a greatly expanded program of adjustment assistance.

My colleagues will focus on many of the important provisions of the trade bill and will develop in greater detail the arguments I have touched on in my remarks.

Indeed, Mr. President, I believe that if we pass the Trade Act, it would represent the greatest single contribution that we could make to restoring confidence in the economy and beginning to bring the economy back from the fear-inspired apparition of recession under which it now labors and, I believe, also that the moderation of prices which will come from import competition will be critically important.

So, Mr. President, in order to avoid more protectionism than we already have, in order to deal with the grave crisis of confidence both here and in Europe in the instruments of credit, and in order to again, through the forces of competition engendered by trade, bring into the world the beneficent impact of a reduction in consumer prices and an increase in productivity, the trade bill deserves absolutely No. 1 priority in the world, and there is so much speculation today, particularly in intellectual quarters, respecting the danger of a world recession, that this is the most critically important thing we could do.

I would also mention parenthetically the materially improved adjustment assistance provisions for workers or businesses which are hurt in the first instance by a particular concentration of imports. These provisions are very much superior to anything we have on the books today.

Mr. President, I would like to close

by quoting two paragraphs from a very brilliant article by Leonard Silk in the New York Times in which he drew a parallel between conditions just before the Great Depression which did not end until World War II, and this is what he said:

> We must do better this time than we did in the nineteen-thirties. This necessity comes at a time when the American public is turning towards isolationalism. The inner failures of the United States are breeding indifference or even hostility toward the outer world, and the rest of the world is, in any case, fractious and reluctant to follow the American lead.
>
> Yet a way must be found to break the spell of fatalistic millenialism. The world community needs to be drawn together, to develop a unified program to deal with the most urgent threats, if the disaster seen by intellectuals is to be avoided.

And that disaster, incidentally, is a predicted world depression—

> But at this point it is difficult to see what the modalities of such a program will be and who will organize and lead it.

Mr. President, I agree with Mr. Silk's very serious assessment of the problems that face us, but I feel they are not insurmountable. The trade bill is one of the urgent tasks we must undertake, both on its own merits and as a signal to the rest of the world that the United States intends to give leadership to the international economy commensurate with its strength in that economy.

Mr. President, I strongly urge the Committee on Finance to get on with the business and bring it to the floor of the Senate.

Mr. President, I yield back whatever time I have remaining.

Mr. PEARSON. Mr. President, the Congress will consider few bills which have greater impact, touch more Americans, and affect broader sectors of our economy than the Trade Reform Act. The trade bill, which has been pending before this Congress for 15 months, should be approved, and approved promptly, if our Nation is to gain the benefits of another round of worldwide reductions in trade barriers.

Mr. President, with double-digit inflation rampant in the industrialized West, food shortages in the underdeveloped South and producer cartels forming around the world, we must seek multilateral solutions to our global economic problems. We must improve the code of international trading rules and build the institutional framework which encourages prompt consultation on all urgent trading conflicts or crises which might develop. Unless we are able to negotiate improved trading procedures, the forces buffeting the international economy could well force upon the nations of the world, a climate of retrenchment and protectionism.

Today, 103 nations are meeting in Geneva to work out some of the solutions to our economic difficulties. But Mr. President we must understand that there will be no agreements if the Senate does not act on the trade bill.

The negotiating authority granted for the Kennedy round is exhausted. Now, we must provide our negotiators with the new authority they need to reach agreements on reduction in tariffs, nontariff barriers and safeguards against unfair trade practices. And we must provide that authority soon.

Mr. President, I have been particularly encouraged by the farsighted goals which the United States adopted at the beginning of the Tokyo round. Our negotiators will seek a substantial expansion of duty-free trade; further reductions in the average tariff on remaining items subject to duty; an agreement to remove nontariff barriers; a system of multilateral safeguards to protect domestic markets against rapid increases in imports; and a reduction of barriers to agricultural trade.

If these goals are achieved, American producers and American consumers will receive billions of dollars in economic benefits and international stability will be greatly strengthened.

Mr. President, I want to take particular note of the goal of improving agricultural trade. Strong and expanding export markets are vitally important to the welfare of American agriculture. Our grain producers are particularly dependent upon the international market. For example, with the current levels of production we must export approximately 50 percent of our wheat crop in order to prevent the accumulation of price depressing surpluses.

Last year the United States exported $11 billion worth of agricultural products and imported $7 billion. This balance of trade surplus in the agricultural sector paid for the deficit created by the expensive oil imports. Thus our foreign agricultural sales have tremendous value for the entire economy.

With much of American industry losing its edge over Western Europe and Japan in manufacturing efficiency and technology the importance of agricultural exports in our overall trading mix will be increasingly important in the years ahead.

An expansion of agricultural exports is, in considerable part, dependent upon the reduction of trade impediments around the world. Agricultural trade barriers are among the most complex of the nontariff barriers. The Trade Reform Act is needed to give our negotiators the authority to deal with these barriers.

But agriculture's interest in developing a fair international trading code is not limited to the export side. Foreign countries have not only adopted barriers against imports of our products, but have adopted the policies of subsidizing the export of certain products to this country, thus placing our farmers at a particular disadvantage. For example, dairy farmers have been especially hard hit by imports of subsidized products. I, also, note that given the fact that Japan and the European community have placed embargoes on meat imports, the U.S. livestock producers face the possibility of price depressing imports as the meat producing countries search for a market for their surplus production.

Mr. President, I am confident that the U.S. negotiators will seek agreements to assure that domestic agricultural markets are not subject to disruption by subsidized imports or the dumping of surplus commodities. But it may be desirable for the Senate to write into the trade bill some provision to assure that these special agricultural problems are properly dealt with.

Mr. President, 40 years of experience with multilateral trade negotiations have clearly demonstrated their benefits to both consumers and producers. For consumers, lower import duties and the removal of nontariff barriers mean lower prices and a wider choice of products. For producers, lower duties abroad mean more access to foreign markets and higher returns on their investments.

I understand the concern of those who fear that lower American tariffs will lead to the loss of American jobs. However, with the much-improved adjustment assistance provisions of the Trade Reform Act, the economic transition for workers and investors who may be adversely affected by increased imports will be eased. In addition, we must remember the lower trade barriers abroad lead to the creation of more jobs at home. On balance, the American worker and the American investor gain, not lose, from reduced trade barriers.

I also realize that some critics of the Trade Reform Act question the wisdom of granting broad negotiating authority to the President. However, I am convinced that the bill's provisions for congressional review authority for nontariff barrier agreements and the work of the Advisory Committee for Trade Negotiations will provide adequate safeguards against arbitrary or unsound concessions.

While the economic benefits of trade agreements may be apparent, we should take time to consider the political rewards of these negotiations at a time of worldwide economic dislocations.

A sound multilateral trade relationship is a cornerstone of our relations with our principle allies, the industrialized nations of the West. Our growing economic interdependence has been a key element in the development of a broader community of interest among the great Western democracies. Any deterioration of our trading relations which lead to the development of competitive trade blocs would jeopardize our economies and our alliance.

Mr. President, our multilateral trade negotiations of the past have produced enormous economic and political benefits. But we all know that there will be no important new trade agreements at Geneva unless the U.S. Congress passes the Trade Reform Act. Time is running out in Washington and Geneva. I urge the Senate Committee on Finance to proceed expeditiously with its consideration of this legislation. American consumers, American manufacturers, and American farmers need this bill.

Mr. President, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the soon-to-be senior Senator from Iowa (Mr. CLARK) is recognized.

THE NEED FOR TRADE REFORM

Mr. CLARK. Mr. President, every American knows that the economy is in trouble. The list of problems—inflation, unemployment, the energy crisis, poverty, tax inequity—is a seemingly endless one. Much can and should be done to get the economy on the right

track again. One such step is rapid enactment of a good trade reform bill that generates trade expansion and provides a good system of adjustment assistance for labor and business.

The advantages of expanded trade in the fight against inflation are substantial. It will provide jobs in this country and the increased income which comes with new jobs. It will generate the funds necessary to buy the oil required to keep the economy going and growing. In short, a properly designed and implemented trade reform bill can help turn the economy around and benefit all Americans in the process.

Expanded trade permits each country to increase its output of the goods it produces most efficiently. Just as specialization and mass production have enabled the United States to achieve an unprecedented standard of living, inincreased trade will help the country take even greater advantage of our technology.

There is no industry where this is more true than agriculture. American agriculture is the most progressive and technologically advanced in the world. In fiscal year 1974, because of fantastic farm productivity, this country had an agricultural balance of trade surplus of $11.5 billion. This not only provided additional income to the 3 million individuals directly employed in farming, but to the millions more employed to provide manufactured goods and services to farmers and to market agricultural products here and abroad.

Additionally, this income raised the demand for the products of the other American industries, thereby raising their employment and income.

Trade reform will make it possible to increase our trade surplus in agriculture even more. It has been estimated that trade liberalization can result in a net gain of $8 billion annually for American agriculture. In addition to the already mentioned benefits, this also will help insure that farm program costs not rise farther.

These potential gains are dramatic and substantial. Even before the OPEC nations raised the price of oil, it would have been difficult to justify not taking advantage of such an opportunity. Today, given the impact of high oil prices on our balance of payments, failure to take advantage of the opportunity would be tragic.

Similar potential benefits exist in many other industries. Perhaps no single industry has the potential that agriculture does. But as a whole, the potential in nonagricultural industries is enormous.

It would be a mistake, however, to argue that the only reason for increased trade is to increase exports. If this were the only effect, there would be more dollars to spend, but not necessarily anything to buy with those dollars—except the additional domestic production generated by this extra buying power. The fundamental reason for increasing trade is that it will enable the citizens of this country to benefit from the production of other countries. People can then obtain products at lower prices or products which would not be available at all without trade.

It has been estimated that the annual cost of trade barriers is $10 billion—a cost which is borne by 95 percent of the American people. The 5 percent who do benefit from these barriers receive only a small fraction of the $10 billion cost. The remainder is simply lost income. Certainly, a program of adjustment assistance must be devised to insure that this 5 percent does not suffer from increased trade.

One final point should be emphasized: delay in enacting a trade reform bill is quite dangerous. In the current unstable economic situation, it is unlikely that even the tenuous status quo can be maintained without trade reform legislation. The pressures for restrictions on international trade are growing daily. Inflation, balance of payments deficits, and other domestic economic problems are causing many nations to attempt to protect themselves with actions that may well lead to a trade war. As the international economic picture becomes more uncertain, these pressures will intensify. It is absolutely essential that we stop, and reverse, this trend now—by taking immediate action to insure the passage of a sound, responsible trade reform act.

Mr. President, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from California (Mr. CRANSTON) now be recognized out of order, without

prejudice to the Senators who are listed ahead of him.

The ACTING PRESIDENT pro tempore. The Chair recognizes the senior Senator from California (Mr. CRANSTON) for no more than 10 minutes.

WHY WE NEED THE TRADE BILL

Mr. CRANSTON. Mr. President, I have heard it said that Congress does not care about passing a trade bill. It is said that the bill is a ho-hum subject—a political bore.

This colloquy here today should puncture these myths. The participation of so many Senators from both political parties should demonstrate to all that Senate interest in the trade bill is alive and well.

In my home State of California, trade is never a bore. It is a $6.7 billion a year business. It bears on thousands and thousands of jobs.

On another occasion I will comment on the specific provisions of the bill. Today I want to confine myself to discussing our need for the trade bill in very general terms.

Mr. President, we have gotten along without a trade bill so far because the President already has authority to negotiate trade agreements. But that authority will not go very far without the authority contained in this bill: the authority to implement those agreements where implementation would require a change in the law.

So until now we have been participating in exploratory talks at the Tokyo round and elsewhere. But without the authority to sit down and make some real progress, our negotiators will keep circling around and around the same old problems.

Country X puts up barriers to keep out our chickens, or our citrus, or our wheat, or whatever. Country Y subsidizes its exports and floods our market. Country Z skillfully wields a whole range of seemingly harmless non-tariff barriers to fend off our products. These countries in turn may complain about some of our trading practices. And so a vicious circle keeps turning.

By failing to enact a trade bill, we would simply prolong these distortions, many of which add up to job losses or higher prices for people everywhere.

Passage of the bill, on the other hand, would move the debate from the newspapers to the conference table. There would be no more excuses for inaction.

Until we take this step, other governments just are not going to invest the necessary political capital to work out a detailed negotiating position. The Europeans and the Japanese are already impatient, and justifiably so.

Mr. President, there are other reasons why we need to pass the trade bill quickly.

In the last few years a whole new set of problems has been added to the trade picture. In the past, the dominant questions always centered on access to markets. That problem is still with us. But now we have another one: access to supplies.

You do not have to look very far to see the evidence. The oil embargo was only the most spectacular of a whole range of cartel-like actions abroad. Here in the United States, we have imposed export restrictions on soybeans and scrap steel.

But whatever the means employed—price-fixing, nationalization, tax boosts, or outright embargoes—the results highlight the world's growing dependence on access to supplies.

And in the absence of fair international agreements governing such access, these restrictions will be passed on to the consumer and to workers whose jobs are dependent on a steady supply.

What is wrong with turning inward and trying to become completely self-sufficient?

It just cannot be done. That is what is wrong. Our economy requires too many materials that we do not have.

A few examples: The United States now imports nearly all of its platinum, which is used not just for jewelry but for laboratory containers and as a catalyst in chemical processes.

The same is true for cobalt, manganese, and bauxite.

Only four countries control more than 80 percent of the world's copper. Another four control more than half the supply of natural rubber. The United States is heavily dependent on five nations for tin. Coffee, tea, and jute are concentrated in similar ways.

Any talk of a Project Independence in these areas would be totally unrealistic. We just do not have the raw materials.

Building rigid barriers against imports, without regard to domestic employment or to world trading patterns, would not help either. Such barriers could raise the prices of a wide range of goods at a time when inflation is suffocating

enough as it is. Foreign retaliation against these barriers could severely damage the job market for the thousands and thousands of workers whose jobs are related to exports. In California, it has been estimated that over 12 percent of all jobs are export related.

These two results—more inflation and more unemployment—would increase the chances of further devaluation of the dollar. And a devalued dollar means that we get less for our money when we buy imported oil and other urgently needed commodities.

Mr. President, if managed properly and administered fairly, the world's trading system can help a lot of people.

But trade anarchy can hurt a lot of people. And that is what we have now: a boom-or-bust, get-rich-quick explosion in world trade.

We cannot wait for textbook-pure free trade to help the people who have been hurt by this sudden expansion. We cannot tell workers in a shoe factory to settle for unemployment because classical economic theory says they should. We cannot sit by while other nations prop up their exports with special subsidies and tax breaks.

We need a trade bill which will help Americans compete under fair conditions.

The trade bill will add teeth to our long-standing efforts to move toward a more equitable trading system. It would include the authority to restrict imports, where such a step is necessary and appropriate.

In sum, Mr. President, we are going to be doing a lot of trading with a lot of countries. We might as well give ourselves a good, sound bill that will help our negotiators to make sure that we are not the ones who are making all the concessions.

And we might as well try to develop a consistent policy, rather than the formless, stop-and-start set of random decisions that have governed us since the last trade bill expired in 1967.

For all these reasons, Mr. President, I hope to see prompt passage of H.R. 10710.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. HATFIELD now be recognized, out of order, without prejudice to any Senator whose name was ahead of his.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

THE NEED FOR TRADE LEGISLATION AND THE GLOBAL FOOD SHORTAGE

Mr. HATFIELD. Mr. President, I am pleased to join in this colloquy this morning to discuss the need for trade legislation. Because of its complexity and, because of its ramifications, it is a topic that Congress could be tempted to just ignore, hoping the current problems would disappear. Today's problems are immense in international trade, with runaway inflation and floating exchange rates creating great uncertainty on all fronts.

Ambassador William Eberle worked for a long time to convince the Europeans to lower some tariffs to compensate the United States for the enlargement of the common market. Suppose, however, Arab oil-producing nations were to invest a huge amount of oil-moneys in New York banks, and the price of the dollar goes up. Does this not wipe out the concessions the Europeans made? It is a tough question, and there are those who say we are better off with no bill, and that we should wait to see how things "shake out" in the international arena. As appealing as this may appear, it is the wrong position. A trade bill should be considered and approved.

If all the trade bill offered was the possibility of adjusting tariff rates, then the desire by some to postpone its review would have more merit. Some day, when the monetary system settles down, a modest change in the tariff on a product will be more important than today, when changes in currency values can have a greater impact on trade than tariffs. We hope such a day is coming. The long period of fixed exchange rates that occurred following World War II would have been much more difficult to maintain if adjustments in the tariff rates had not been available to keep the international balance system better tuned. Certainly, successful trade negotiations can make a contribution to other negotiations, and would be justified on that count alone.

We should keep in mind, though, the proposed trade legislation deals with far more than changes in tariffs. An important provision concerns nontariff barriers to trade. These troublesome measures, often embodied in domestic law, can be used to curtail trade regardless of what currencies are worth.

Of the five titles in the bill, only the first deals with negotiating authority on

tariff and nontariff barriers to trade. Title II is just as important in providing a workable system of helping domestic producers adversely affected by foreign competition. Without such a system, the only place where those faced with injury can come is to Congress. Years ago, we decided that special interest legislation on trade matters was not desirable. Our job is to frame a good system to administer solutions to this problem. The bill also provides means in title III for dealing with unfair competition, and in title IV for East-West trade. Title V offers an opportunity to strengthen our ties with the poor countries of the world by offering them a better break in the American market. They need this break, and we need to maintain the kind of relationship with them that will avoid ugly disputes over the price and availability of the commodities we buy from them.

The question of commodities brings up what I think is the central reason for considering the trade bill: we must negotiate solutions to the "commodity crunch," and the trade bill, while not solving the question, helps create the framework for such negotiations. Entwined with the question of commodities is the issue of food.

GLOBAL FOOD SHORTAGES

Meeting the food needs of the world is a critical issue whose magnitude has not been grasped by most people in this country. While the terms of the trade bill do not relate directly to the question of food shortages, I think the interrelationship of trade, commodities, and food is clear. Only through the kind of international agreements that the trade bill will help begin can the proper framework, the trust, and the working relationships, be established in a manner that will lead to workable solutions to the world food crisis.

In a broader sense, we must exercise moral leadership to help ease the food shortages that are growing around the world. Because I believe it is such a critical matter, I would like to add some further comments about the world food situation.

Let me be candid. There is no problem faced by this world more likely to breed instability and conflict, and increase the magnitude of mankind's suffering in the years directly ahead of us, than the shortage of food.

International politics, relationships between the "superpowers" and the poor countries, the durability of political regimes, and the political character of nations, including our own, will be shaped by the growing scarcity of the world's basic resources, and especially food, more than by any of the other factors that have monopolized our attention.

Here is the picture that we are facing.

Before World War II, most all countries of the world had all the grain they needed, and frequently some to spare. Only Western Europe was dependent upon buying grain from other nations. Today, much of the world needs grain, but only North America and Australia have substantial surpluses to export.

The United States produces half of the world's corn and two-thirds of the world's soybeans. Out of 1.2 billion tons of grain produced by the world, 90 million tons is traded between countries, and the United States provides 70 million tons of that amount.

Yet, what is our situation? Two-thirds of the world's population fights for one-third of the world's total protein.

Recently we have put idle land into production, and depleted our reserves. But the world demand has increased. Our long standing surpluses are no longer present to provide a cushion against outright famine.

The shortage of energy worsens the shortage of food. With the increasing mechanization of farming, both here and abroad, it takes about 80 gallons of gas to raise an acre of corn. Far more is required to produce fertilizer, which is essential to the hoped for green revolution. Thus, while Americans waited in line a few hours for gas for their cars, Indian farmers waited in line for 5 days for gas to run their irrigation pumps or other machines for growing and harvesting their crops.

More troubling is the report of some scientists who study the climate. They have ascertained that the world's temperature has dropped by 2.7 degrees since 1945, and that this apparent cooling trend will cause desert areas to advance toward the equator, expanding the region of drought. We have already seen the effects of this in the Sahel region of Africa, where the Sahara Desert has expanded southward 30 miles each year of the current drought. For the first time in the memory, the Niger River can be

crossed by foot. And at least 250,000 people have died from starvation. Continuing changes in climate such as this would affect India, South Asia, China, and Central America.

Changes in climate can also affect our own capacity for food production. Many of us have memories of the last major drought in the United States, which created the Dust Bowl. Scientists sense that dry periods come in cycles, and may be mild—such as in the 1950's—or far more severe. But what many predict is that the next drought period is due just about now, and could last for 5 to 6 years. Even a slight reduction in harvests of grain from North America could have a devastating effect on a world trying to fight against famine.

Because of the way you and I have become accustomed to eating, it takes five times the limited resources of land, water, and fertilizer to support our diet than to support the diet of a Nigerian, or Colombian, or Indian, or Chinese.

The amount of food and protein consumed by the diets of you and me and all 210 million Americans could feed 1.5 billion Africans and Indians on a stable, though vastly different diet.

Our vast consumption of world energy resources is also related directly to the way we produce food. In a poor nation, or primitive culture, each calorie or unit of energy invested produces anywhere from 5 to 50 food calories. But in the rich nations it takes between 5 to 10 calories of energy to get just one food calorie.

Apply that to just one country such as India. If all of India's 550 million people were to be fed at our level of 3,000 calories each day, it is estimated that this would require the expenditure of more energy than India currently uses for all other purposes. On a larger scale, to feed the entire world on our diet would require 80 percent of the world's total energy.

So what does all this mean? We can no longer suppose that our extra abundance can feed the hungry of the world. Rather, the world will be fed only by the sharing of resources which the rich of the world have assumed to be their unquestioned possession, and through the changing of values and patterns of life which the affluent have barely even questioned.

Some have already warned that with the fertilizer shortage alone, Asia may be faced this year with the largest food deficit of any region in recent history. The failure of the monsoons and a resulting poor harvest would almost insure famine. But even now, without those developments, over half of India's population, more than the total population of the United States, lives below the subsistence level, eating only one meager meal a day. Thus, just the slightest deterioration from the status quo would mean starvation for hundreds of thousands, and even millions.

At least 60 percent of all those 2.5 billion people living in the poorer, developing world are malnourished. We have not even touched on how malnutrition leads to death through disease for millions of people. One can have enough food to keep himself alive, but malnourished, making him far more susceptible to disease and death. Even more tragic is the evidence that malnutrition during a mother's pregnancy and the first months of an infant's life can cause permanent damage to the mental abilities of the child.

Famine cannot be averted by simply thinking we can increase the "size of the pie," so those who have little may have a little more. What we are discovering is that the pie itself has limits. Most all arable land around the globe is in use. Increased protein production once hoped for from the sea has not materialized, and now most scientists fear the seas are being overfished, which would deplete this resource. The simple truth, then, is that the pie must be shared more equitably.

The world produces enough food to feed all its inhabitants. But when one-third of the world's population—all those who are comparatively the rich—consume two-thirds of the world's protein resources, then millions of the other two-thirds of the world suffer, starve, and die.

Gandhi put it cogently and well:

> The earth provides enough for everyman's need, but not for everyman's greed.

I am reminded of the Bible story of Joseph and the 7 years of plenty that were followed by 7 years of famine. Let us hope we have not entered into the era of the symbolic 7 years of famine. Our past policies of paying farmers not to grow crops, and allowing grain to rot in silos, has helped leave us unprepared to meet the future food needs in time of global food shortages.

Two other areas exist where the trade bill would improve our relations with the

less-developed countries: The first is the generalized system of preferences included in title I of the bill. The other area is access to supply.

Mr. President, most other developed countries already have introduced generalized system of preferences—GSP—in favor of the less developed countries. The basic objective of the United States in this area is to help developing countries build self-reliant productive economies in order to become more stable members of the world community. The preference system envisioned by the bill would accomplish this in a number of ways. It would enable the less-developed countries—LDC's—to expand their foreign earnings and, with them, acquire more capital and consumer goods from other countries. It would enable them to share in the economic growth that the industrial countries have experienced over the past decade.

Enactment of the GSP would help narrow the widening gap between the Northern "have nations" and the "have-not nations" of the Southern Hemisphere. Lastly, it will help decrease the defensive needs these countries now feel for high duties, strict exchange controls, and, in some cases, producer cartels.

The bill's GSP scheme would decrease the discriminatory effect of the preferential trading arrangements which have proliferated in recent years. Countries having such agreements which discriminated against U.S. exports would not be eligible to benefit from this program. On the other hand, the benefits of the program would be extended to the Latin American countries which now do not discriminate against U.S. exports in favor of those from other industrial countries. The key here is that we are trying to develop a trading system in which the industrial countries extend preferences to all or most developing countries and not just to those who are willing to grant discriminatory preferences in return. It is a step toward a more open trading system between the industrial and the developing countries.

The cost of this program would not be great. It is designed to benefit developing country exports of manufactured goods. While this is very important to the LDC's, it is estimated that imports to the United States due to this system would amount to only about 1 percent of our total imports of manufactured goods. Even then, there is an escape clause available to cover unforseen circumstances.

The other area where the trade bill touches directly our relations with the LDC's is in the area of access to supply. In past trade negotiations, our emphasis has been on gaining access to markets for American goods. Since the oil embargo, we have become much more aware of access to raw material supplies. As we look at oil first, we then see a host of other commodities, especially minerals and certain tropical food products. The "commodity crunch" has created a new era for trade negotiations.

The United States is in the rather unique position of being both a raw material importer and a raw material exporter. As such, we can understand the position of the importers, most of which are industrialized countries, as well as the position of the raw material exporters, most of which are the LDC's.

The multilateral trade negotiations are coming at an opportune time. The raw material exporters have just realized their strength, and are beginning to flex their new muscles. Many at least are considering producer cartels for some of their raw material exports. Such cartels are not in our interest or, in the long run, in the best interests of the LDC's. The multilateral trade negotiations will offer the LDC's a forum where they can bargain on the basis of their advantages with the industrial countries, who will bargain on the basis of theirs. In the long run, both will benefit. Both groups of countries can bargain for the removal of each others trade barriers and for access to the supplies which are vital to them. The key here is that this bargaining is done in the context of an orderly negotiation, and not in the context of threats, ultimatums, or embargos.

I think it can be seen therefore, that one of the principal benefits from approval of the trade bill will be to bring the less developed countries into the world trading system as full participating and responsible members.

Lastly, I would be remiss in discussing the bill if I did not mention that the citizens of Oregon have a great stake in foreign trade. They recognize the need for meaningful trade legislation. We have many trade contacts from our State, principally with the Pacific rim countries. Japan's ties with Oregon are numerous in the trade area. Oregon businessmen who are knowledgeable in trade

matters tell me and my staff that foreign businessmen and government officials all want to know when the United States will enact the trade bill. We in Oregon want to implement further international ties, in trade and in related areas. Until the trade bill passes, and the United States evidences leadership in the trade area, expansion of Oregon trade is more difficult. In the past, I have spoken in detail about Oregon's trade ties, and trade's impact in our State, and I will not do so again today. I will note, however, that this is not just a cerebral or intellectual issue. It is a "people issue," and it concerns jobs, and a host of other factors in Oregon.

In closing, let me repeat that the picture painted by the food statistics is grim. We must ease the shortage. Acting on a trade bill will create a framework that should help generate increased international attention to global food needs. A trade framework, with meaningful negotiations, mutual understanding, trust, and a willingness to try and meet the common goal, should stimulate accellerated international efforts to ease the world food shortages.

Mr. President, I ask unanimous consent that some recent newspaper articles on the world food situation, including one from yesterday's Washington Post, appear at this point in the RECORD.

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

[From the Washington Post, July 15, 1974]

POOR NATIONS FACE STARVATION AS RICH ONES DELAY AID

(By Dan Morgan)

In India, the rains that fell on this spring's wheat crop were lighter than hoped, and in places there was drought.

But heavier rains would not have mattered; they fell on a crop already doomed not to fulfill its early promise because of unparalleled changes in the world's economy.

India's oil-import bill is up a billion dollars this year, and fuel shortages idled irrigation pumps in some parts of the country.

Worse than that, India suddenly found itself priced out of the world fertilizer market, so a million tons less than planned was applied to the land.

While the rich countries of the world bought up the high-priced fertilizer, or cancelled export contracts, India revised its early crop estimates downward. Instead of 30 million tons of wheat, India harvested only 24 million.

Then, when the country went into the international grain markets to make up some of the difference, it paid twice as much for a bushel of wheat as it had a year earlier.

The significance of this food, fuel and fertilizer price squeeze on India—as the world's other poor nations—is basic. More may die of hunger this year. Around the world, the United Nations says, 20 million people may starve to death in 1974.

India's food reserves are down to almost nothing. If the summer rice crop is poor, it may to import still more to head off even worse malnutrition in the world's second most populous country.

But India does not have the money to buy much food on the commercial market. Its money reserves, now about $1 billion, are enough to last only three months.

The rising costs of basic commodities means that there will be much less left to buy the technology and techniques that are essential to economic growth.

This is also serious, because experts say the only sure way to control the population spread which brings on hunger is to build such growth. Some pessimists predict that India's economy will not grow at all between 1974 and 1980.

Thus, the price hikes threaten to undermine the gains of the "Green Revolution."

That revolution was promoted by rich countries. Those same countries are now embroiled in political maneuvering to see which if any, will take the first step to help.

Almost every expert agrees that massive loans on easy terms are needed. But the newly rich oil countries are wary that they might lose control of their funds if they join in any Western rescue effort; the United States is worried about the domestic impact of increased food aid, and the Europeans have their own problems with severe inflation.

While the oil-producing nations are raking in some $60 billion more in revenues this year, and the United States and other grain producers are profiting from the higher world prices for food, low-income countries have moved a step closer to economic ruin.

According to updated studies by the U.S. government and the World Bank, more expensive fuel, food and fertilizer will cause a net drain of at least $1 billion this year from the poor nations' foreign exchange reserves.

And officials in Washington concede that the United States, the European Common Market and the newly wealthy oil-producing countries are still months away from adopting a plan for a concerted rescue operation.

The rich countries, said one official, are engaged in a "fast-moving shell game," each waiting to see who will chip in first, and how much.

The Nixon administration, under increasiing international pressure to take the lead, has not decided whether to expand its food aid sharply as its contribution to the relief effort.

Last Thursday Secretary of State Henry A. Kissinger's top adviser on the world food problem told senators he could not yet give an assurance the United States will undertake such a "major food initiative."

Such an initiative is essential leverage in getting the Europeans and the oil producers to follow suit, according to diplomats who see a close link between the politics of oil and the politics of food.

Kissinger told the United Nations in April, "A global economy under stress cannot allow the poorest nations to be overwhelmed."

But fears of higher domestic food prices, and pressure to hold down this year's budget deficit have produced political caution. "We don't want another grain deal," said one official.

On June 28, the nine-nation Common Market cabled U.N. Secretary General Kurt Waldheim that it was prepared to give aid—provided "other industrialized countries," and the oil exporters, gave five-sixths of the total assistance, and the European share didn't exceed $500 million.

The European offer was "written like an insurance contract," said one U.S. official.

Other officials say the main thrust of the American effort on behalf of the hardest-hit countries should be to get the oil producers to lower prices. By removing its old restrictions on grain production in hopes of pushing food prices down, they say the United States has set an example which the oil exporters should now follow, with or without expanded American food aid.

American officials also want the oil exporters to come through with massive loans at easy terms for the stricken countries. So far, no oil producer has made a concrete commitment.

The once highly touted conference of oil producing and consuming countries, which was to have dealt in part with the problem, has been shoved far into the future, perhaps never to take place because neither the United States nor the exporting countries are anxious for a "confrontation."

Instead, attention is now focused on the Sept. 30 annual meeting of the finance ministers of the World Bank and the International Monetary Fund. The joint directorate, which includes oil countries, is expected to formally establish a "Joint Committee on the Transfer of Real Resources" to work on the problem.

The committee will deal with what World Bank officials call the "biggest and fastest shift of wealth in the history of the world."

The shift has struck at the world's poor countries in many ways.

The benefits of foreign development assistance have been eroded by the global inflation. Political support for increased foreign aid has sunk to a low point in Western countries hit by inflation.

To deal with their severe internal problems, industrial countries such as Italy are cutting back on their imports from the less developed countries.

According to still unpublished findings circulating in Washington, the possibility of some affected countries' offsetting the damage by forming cartels to market their minerals is limited.

That finding is challenged by some economists who predict mineral cartels like the oil producers' powerful price-setting organization will soon be a reality.

But according to World Bank experts, the benefits still will be small compared with the world oil bill.

In many cases, substitutes are available for the minerals, or other sources can be tapped.

Chile and Zaire can now take advantage of higher copper prices; Brazil can cash in on higher coffee, and iron ore revenues and Bolivia can get more for its tin.

World Bank experts contend that "even if they get together politically, the prices of those minerals will be eroded much faster than oil."

The shift of wealth has caused an erratic reordering of the world's money flow which is still not fully understood.

Not all poor countries have been seriously affected. Some, such as Afghanistan, have been only marginally set back because their predominantly rural economies don't yet depend heavily on energy from oil. Some rich countries, such as Britain and Italy, have been hurt badly.

Some modestly well-off nations, such as Costa Rica have been jolted unexpectedly, because of their heavy dependence on imported oil, while others whose economies were not far ahead, such as Venezuela, will triple their revenues from oil exports alone in 1974.

Officials in Washington say most rich countries can blunt the blow by exporting more technology and commodities, digging into reserves, or turning to commercial banking sources and international money markets.

Medium-income countries such as South Korea, Brazil and the Philippines—with per capita annual income of between $300 and $700—can weather the storm by scaling down their high rates of growth, tightening their belts, taking loans at commercial rates and seeking to increase exports.

However, those alternatives are not open to a number of other countries, now facing economic stagnation or even ruin, officials say. The most affected countries include South Vietnam, Cambodia, India, Bangladesh, eight central African countries including Kenya, and some in Latin America, including Chile, Uruguay, Honduras and possibly Costa Rica.

The price impact is less disastrous than feared in January, government studies have concluded. But the impact will get steadily worse as the decade progresses, the same detailed studies show.

James P. Grant, president of the private Overseas Development Council, told a Senate

panel Thursday that "barring major international action, the combination of quadrupling food and energy prices and the cutback on fertilizer exports dooms millions in these countries to premature death from increased malnutrition and even outright starvation."

He said the 40 poorest countries will have to pay some $3 billion more for essential imports than was foreseen a year ago.

"The lives of millions are threatened by the inability of the developing countries to purchase essential quantities of fertilizers—even as Americans are continuing to use scarce fertilizer for such clearly nonpriority purpose as lawns, golf courses and cemeteries in ever increasing amounts," Grant said.

A preliminary World Bank study issued in March shows low income countries will need additional capital of $2.5 billion to $3 billion a year between 1976 and 1980 "at highly concessional terms" to offset the higher costs of essentials.

The bank estimated that these same countries will experience an additional net drain of $1.4 billion this year and $1.9 billion next year—only a small part of which could be financed from reserves or loans.

Experts say countries with dwindling reserves are least able to take advantage of the various pools of capital which have been set up to cope with the wealth transfer.

The International Monetary Fund has established a special "oil" fund with a value of about $3.6 billion supported by a number of oil-producing countries. However, officials say the interest rates and payment terms would be beyond the means of many poor countries.

Last week, William J. Casey, chairman of the Export-Import Bank, said the deteriorating credit position of the underdeveloped countries could be a "factor that will reduce our loans" to them.

South Asian countries such as India and Bangladesh, with bleak possibilities of increasing their immediate export revenues. may be the hardest hit of all.

Several weeks ago, the Department of Agriculture's food intelligence service picked up reports that representatives of Bangladesh were shopping for 300,000 tons of wheat on the international grain market.

As of today, the sale has not taken place.

"They don't have any money," explained an American diplomat.

Indian monetary reserves are down to about $1 billion—an estimated three months' supply.

India has not yet officially sought a resumption of U.S. food sales on easy terms, which ended in 1971. As a result of India's explosion of a nuclear device May 18, congressional enthusiasm for increased aid to India is lukewarm.

Congress is considering an amendment to block Americans approval of "soft" loans through the International Development Association to countries which explode nuclear devices outside the controls of the nuclear non-proliferation treaty.

At a recent meeting of the World Bank's Aid to India Consortium, $1.4 billion in help was approved. The United States is offering $200 million through IDA, $75 million in bilateral foreign aid, $45 million in food giveaways and $29 million in debt refinancing.

[From the New York Times]

1974 World Food Prospect Shaky Despite U.S. Hopes

(By Kathleen Teltsch)

United Nations, N.Y., June 20.—The new report to Senate committee that the needy in the United States are angrier and poorer than they were four years ago has raised doubts that a bountiful American harvest may forestall the threatened world food shortage.

In effect the report by a group of experts to the Senate Select Committee on Nutrition and Human Needs, published yesterday, makes it clear that neither increased spending nor rising agricultural output is sufficient answer, domestically or internationally, to an increasingly critical food problem.

Agriculture Department policy-makers had estimated a harvest of 2.1 billion bushels of wheat, which they insisted should be ample for domestic needs, put at 750 million bushels, and for a billion-bushel provision for profitable sales abroad—leaving a carryover of 350 million bushels for emergency foreign assistance.

However, economic analysts outside government and some members of Congress object that such calculations are perilously dependent not only on American harvests as good as forecast but on the absence of major crop failures in other grain-producing regions. World food stocks have fallen to their lowest levels in 20 years, it is emphasized.

And with population growing at 2 per cent a year and with rising pressure for richer diets, demand is increasingly outrunning productive capacity.

The immediate outlook abroad is not reassuring. Poorer countries such as India have had to cut back on fertilizer imports because of quadrupled prices and scarcities. The same is true for diesel fuel for tractors and for irrigation pumps. Capricious weather has damaged Soviet winter wheat, hit Ukrainian fields with dust storms and slowed spring sowing in Canada.

"The world situation in 1974 remains more difficult and uncertain than at any time since the years following the devastation of the Second World War," the Food and Agriculture Organization concludes in a report for the World Food Conference to be held in Rome in November.

The difficulties and uncertainties cited by the United Nations specialized agency are reflected in a survey by The New York Times, which also suggests that sketchy and frequently contradictory information is being provided by many governments because of pride or politics or simply inadequate data.

INDIA SEEKS WHEAT

According to New Delhi officials, India will be able to meet food requirements without much difficulty; they assert that there is no dearth of fertilizer and no danger of famine. At the same time an Indian supply mission has been sent to Washington to buy as much wheat as possible to offset deficits expected to reach 10 million tons.

The food agency warns that the drought-ravaged countries extending in a wide belt across Africa south of the Sahara are experiencing acute shortages and that drought is spreading east and south and can be expected to reduce harvests in Dahomey, Egypt, Guinea, Kenya, Nigeria, Somalia, Tanzania and Zaire. However, some qualified authorities returning from the area south of the Sahara say original estimates that 10 million people were threatened by famine were grossly inflated.

"Photographs of bleaching animal carcasses in the desert, which are offered around as current evidence, are no longer valid and the situation has improved radically," according to Dr. Pascal J. Imperato, First Deputy Commissioner of the New York City Health Department, who recently revisited the area, where he had spent five years.

He and others acknowledge that foreign assistance will be needed for years. A new United States report said it would take decades after the emergency relief phase to carry out rehabilitation and irrigation projects to halt the deserts's advance.

SUPPRESSION CHARGED

Some relief experts here note that the full dimensions of the famine last year in Ethiopia were suppressed by the Cabinet in Addis Ababa—since ousted—and maintain that United States officials were lax in reporting the disaster because they were unwilling to antagonize the Ethiopian Government.

Concern for the Indian subcontinent and the sub-Sahara area in Africa prompted recent warnings by the director of the United Nations Children's Fund, Henry R. Labouisse, that 400 million to 500 million children were threatened by severe malnutrition. For the first time in many years there are reports of severe malnutrition in Central America.

Theoretically, according to the experts, global grain production of 1.2 billion tons should be enough to meet minimum needs if supplies were spread evenly, which, of course they are not. To attain bare minimums for the 30 to 40 poorest countries would require radical cuts in consumption in affluent countries, which consume a ton of grain per capita a year, mainly as feed grain to build costly protein in meat, milk and eggs. The prospect of such redistribution is slim.

The first signal that the world was once again veering toward a food crisis came in 1972, when disastrous weather cut production in the Soviet Union, China, India, Australia, Southeast Asia and the sub-Sahara region.

The Soviet Union, which in previous shortages had tightened its belt, chose to go to the world market, largely for feed grains for expanded livestock production. It was principally its purchase of 20 million tons from the United States that pulled down American reserves and pushed prices up.

SOVIET SETBACK REPORTED

Any assessment of this year's food outlook is complicated by the Soviet practice of withholding forecasts and China's refusal to disclose output. Recent reports have said winter wheat was hard hit by bad weather in the Soviet Union and spring planting delayed. So far there has been no indication, according to American agricultural experts, that Moscow will again be buying on the world market.

Although 1973 was a good year and the United States put idle cropland back under the plow, reserves have not been rebuilt. The experts, maintaining that the shortages are not the result of temporary conditions such as the poor 1972 weather, point to long-term trends that are not yet fully understood. They suggest that the world food economy, after decades of abundance—albeit maldistributed, so that many were hungry while some had surpluses—is moving into an era of chronically tight supplies.

Scarcities are developing because the global system is overloaded, according to the Overseas Development Council, a private group. As growing populations and improved diets raise demand, it notes, prices soar and competition for scarce energy and fertilizer intensifies.

The United States has had an agreement with the fertilizer industry since October barring new export sales, which is having damaging effects, particularly on developing countries.

While Agriculture Department spokesmen tend to belittle gloomy forecasts on world output, the F.A.O. report supports the gloom to the extent of estimating that by 1985 the poorer countries will face grain shortages they will be unable to meet with imports. Assuming that increases in population and demand will continue, the agency estimates that by then the majority of developing countries will be left with a big cereals gap.

Senator Hubert H. Humphrey recently proposed a food action program that has bipartisan support. Formulated after consultation with Secretary of State Kissinger, it could be a basis for American policy at the Rome conference.

BIG RISE IN AID URGED

The program, elements of which will stir domestic opposition, urges substantial increase in assistance to needy countries, which has been scaled down as American surpluses disappeared, calls for helping the poorer countries increase production and provides for participation in a global system of food reserves.

Many proposals are being offered to ease the food shortage, ranging from the advice

of the economist Barbara Ward that the more affluent forgo a hamburger a week, to the urgings of Dr. Jean Mayer, the nutritionist that a worldwide campaign restore breast-feeding. Another proposal is that the family pet be fed with scraps from the table instead of commercial food, a $1.5-billion item in the American budget. Senator Humphrey is appealing to Americans to change their rich diet and affluent life-style to save grain and asking that the three million tons of fertilizer spread on lawns and golf courses be sent abroad.

Some of the suggestions evoke from specialists the reaction that they would be merely symbolic. Among farm interests there is fear that the principal effect of big crops and reduced domestic consumption would be a sag in prices. "It's tough to make the bread and gravy come out even," a farm spokesman remarked.

[From the New York Times]

EXPERT FINDS APATHY IN FERTILIZER CRISIS

UNITED NATIONS, N.Y., JUNE 20.—Dr. Norman E. Borlang, the noted developer of high-yield grains, said here last week that during a recent tour of Asia and Africa he found few governments concerned about the need to accelerate fertilizer production.

During an interview after his four-and-a-half-month tour, he explored this apathy, saying that action could mean staving off famine for millions.

He said that the Chinese were an exception, building more fertilizer plants than any other country. The Chinese he said, have put leading Japanese and American concerns under contract to help.

$7 BILLION NEEDED

Dr. Borlaug, often called the father of the green revolution, a rice development, which brought him the Nobel Peace Prize in 1970, estimated that it would take an annual investment of $7-billion to $8-billion to meet increased demands for fertilizers. The estimate covers the costs of additional nitrogen-producing factories, the operation of potash and phosphate mines and the costs of distribution.

A major problem, the agronomist said, is that there is a shortage of chemical engineers trained for this kind of technology.

"Governments willing to spend $220-billion yearly for destructive armaments should be willing to invest in securing more food for their people," he declared.

Dr. Borlaug said the green revolution was never expected to solve the food problems for an expanding population but to "buy time" while governments acted to stabilize what he called this "monstrous population growth."

Instead, he complained, governments have frittered away the time. He said he looked on the possibility of increasing fertilizer production as a chance to "buy more time."

The vastness of food needs in terms of poulation increases is not something people grasp easily, he said. He likened global grain needs to a highway of grain stretching around the world at the Equator, 55 feet wide and 6 feet deep. Each year, the population grows by 76 million and that means annually adding a 625-mile link for a second highway.

A FIGHT ALL THE WAY

He said he believed that with technology progress could be made in feeding the world and averting famine but "it's a fight every step of the way."

Dr. Borlaug noted that the world was lulled into a false complacency about its food stocks because it had abundant supplies at its disposal for decades before 1972, and the United Sttaes, Canada, Australia, France and Argentina were warehousers, brokers and bankers. A sudden need such as that in 1967 caused by India's drought, could be handled by such reserves.

He said that in 1971 the United States, under domestic pressure to reduce the cost of carrying big surpluses, had cut back on acreage.

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio (Mr. TAFT) is recognized for not to exceed 10 minutes.

Mr. TAFT. Mr. President, I am pleased today to join in calling for action upon the Trade Reform Act. I believe that it is as crucial as ever and that we should end the delay in bringing it to Senate consideration.

The proposed Trade Reform Act of 1974 rewrites international trade laws to provide the President the necessary power to negotiate with our trading partners for reduction of barriers to trade and fair treatment of American products. In the aftermath of the Arab oil embargo with several countries suffering from severe economic and balance-of-payments problems, there is great danger that the world's trading nations will erect barriers to imports, compete to subsidize exports and otherwise look for increasingly isolationist solutions to their economic ills.

Mr. President, such policies can only have a serious negative economic impact, with both recessionary and inflationary aspects. The Trade Reform Act can help head off these policies, by providing the framework for nations at least to negotiate seriously and to explore for mutually acceptable solutions to trade-related problems.

I would point out that action of the Trade Reform Act has been stalled in the Senate Finance Committee, which has jurisdiction over it, for 7 months.

The bill is also important because it strongly rejects the notion that our trade

problems could be solved through drastic protectionist actions, such as across-the-board import quotas. Import restrictions already cost American consumers $10 billion per year in increased prices of the products which they purchase.

Certainly, however, a congressional determination of policy for assisting workers, firms, and communities affected by imports is also necessary.

In that regard, the distinguished Senator from Illinois (Mr. PERCY) and I have had pending for a considerable period of months S. 1156, the Trade Adjustment Assistance Act. I hope that the committee, in considering measures in this field, will consider carefully the suggestions made in that particular draft.

I also understand that the distinguished Senator from Wisconsin (Mr. NELSON) and the distinguished Senator from Texas (Mr. BENTSEN) are in the process of introducing, if they have not already introduced, a bill of similar nature, and I look forward to cooperating with them and with the committee in any way possible in order to bring about affirmative action on adjustment assistance.

Mr. President, much more help is needed for workers, firms, and communities hurt by imports so that they do not bear the full cost of a liberal trade policy. However, I believe that the Government should protect them by enacting an expanded program of adjustment assistance rather than imposing much more detrimental import restrictions.

The present trade adjustment assistance program of grants, loans and tax credits to help affected workers and businesses is a dismal failure, because it provides retroactive compensation rather than preserving jobs. Although benefit levels are obviously important, workers do not simply want burial benefits followed by unemployment; they want to keep their jobs, and if this is impossible, to move painlessly to new and hopefully better jobs. Any adjustment assistance program which fails to address these concerns will be simply an unsuccessful attempt to buy off labor support for international trade, resulting largely in a waste of taxpayer's money.

To revamp the present trade adjustment assistance program, I suggest changes along the lines of those proposed months ago by myself and the Senator from Illinois (Mr. PERCY). In addition to the provision of more generous benefit levels for workers, based on former fringe benefits as well as wages, I would recommend that the Trade Reform Act be amended to provide liberalized allowances for job relocation assistance, an extension of eligibility for benefits throughout job retaining periods, eligibility for benefits of workers who quit to look for other jobs before they are actually laid off, and benefits for workers over 60 until they find new jobs or become eligible for social security. In addition to much more timely delivery of present benefits for affected businesses, I believe that Government and industry should have "early warning" efforts to provide the data and analysis necessary to detect problems related to import competition in their early stages. I would also recommend adjustment assistance to help whole communities, such as Massillon and East Liverpool in Ohio which are hurt very drastically by imports in the pottery field, to diversify industries in response to import competition.

The legislation should also provide a framework for other important actions. These include expanded authority for retaliation against unfair trade practices, because Government should continue to help obtain a fair deal for American industry in the world economy; negotiations to assure better access to materials such as petroleum, in short supply, though Congress should retain a role in any decision to retaliate against embargoes rather than delegating this power totally to the President; expanded trade with developing nations and fulfillment of our trade obligations with them.

These are tough issues, but I believe the time has come to face up to them, because time is running out. Time is running out to meet the exigencies which we face and which cannot be met under present authority.

We can, and I believe that we must, come to an agreement on these issues as quickly as possible.

Mr. President, I yield back the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Nebraska (Mr. CURTIS) now be recognized, without prejudice to other Senators scheduled for this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska is recognized for 10 minutes.

WHY A TRADE BILL IS NECESSARY

Mr. CURTIS. Mr. President, we need a rational approach to world economic problems.

We need trade negotiations now, more than ever, because the energy shortages and the continuing worldwide inflation are placing great pressure on our trading partners to solve their economic problems with unilateral measures and bilateral deals. Such solutions are not an answer. The problems troubling the trading world require the longer-range solutions that multilateral negotiations can bring to bear.

Recently, in response to energy pressures, countries have taken some protectionist actions and we fear an increasing temptation to resort to restrictive measures. For example, the Italians have imposed restrictions on imports of some key industrial and agricultural products. Consumers in many countries, resisting the high prices of beef, reduced demand and governments responded by cutting off imports. The adjustment burden was shifted to other markets such as those of the United States.

Only last year the world was faced with commodity shortages and the United States responded with temporary limitations on soybeans.

The actions just cited are short term measures that highlight the need for a cooperative approach to the world's economic problems.

In the area of agriculture, problems have arisen because governments have implemented agricultural policies without due regard for the global effects. Many importing countries have pursued restrictive import policies which have prevented the full deployment of the productive capacity of efficient export countries. A number of exporting countries have restricted exports at a time when they were most needed.

The solution of this problem calls for a more open trading environment than has existed in the past, leading to a better allocation of resources, increased productivity and specialization permitting efficient producers to respond quickly to the growing and changing pattern of consumer demand worldwide. Such a system will lead to a better and more stable balance of supply and demand.

To achieve such an open trading system, our negotiators need the authority to deal with the broad range of governmental measures which impede and distort international trade flows.

The United States has responded with farm policies consistent with this approach.

We have reoriented our farm policies toward the market after 40 years of price supports and surpluses. We have made substantial progress for our farmers but without export markets our producers would be in serious trouble. Without export markets as an outlet the burden of maintaining excessive surpluses would once again fall on the U.S. Government.

We have expanded our farm production to meet the strong demand for our agricultural exports but we do not expect it to continue at the same level as the past 2 years. Now, we need assurances that access to these markets will continue. These assurances can be attained only through negotiated concessions.

We have also kept our markets open for other countries to have access to our supplies. A notable exception was the temporary experience we had last year in limiting the export of soybeans. All countries have not been as generous in sharing their available supplies of commodities in short supply with the importing countries of the world.

It is clear why we need a cooperative, international, and rational approach to the world's problems. The authority to work toward these objectives is contained in the Trade Reform Act now before the Senate Finance Committee.

That bill would provide the authority for our negotiators to seek solutions to some of these problems by reducing impediments to expanded trade at the border and to insure that the markets gained by our agricultural exporters will be maintained and not disappear. In addition, our negotiators need the authority to tackle the long and complex list of nontariff barriers that impede a full expansion of world agricultural trade. Export subsidies, for example, are a thorny problem. This problem has been with us for a long time, but there is now greater urgency that there be international rules to police these practices. As nations are faced with astronomical oil import costs, they may increasingly turn to this device to promote exports and earn more foreign exchange.

New markets have been opened up in recent years with the Communist countries. We also need the assurances that these markets will be retained.

The trade negotiations cannot go forward unless the U.S. negotiators have the necessary authority. The ministerial meeting in Tokyo last September set the stage for these negotiations. Since then, a great deal of preliminary work has been carried on. This work will be lost if our negotiators are not given the authority to carry it forward. Our trading partners are waiting for us. The negotiations cannot go forward without full U.S. participation. A great deal depends upon whether the Congress passes the Trade Reform Act soon.

Mr. KENNEDY. Mr. President, world events of the last year have made the need for a major international round of trade negotiations even more urgent than before. The facts speak for themselves.

The world economic system set up at the end of the Second World War is in disrepair. In the midst of a most difficult period, with rampant two-digit inflation in dozens of countries, the industrialized nations are groping to reconstruct a new and stronger economic order.

We now see economic interdependence among nations more clearly as a fact of our present life, rather than as a somewhat remote possibility. Part of this process—a rather painful one—is the realization that our economy and way of life now depend on events in the outside world in a number of key areas. Most dramatic has been energy. Last year's fourfold increase in the price of petroleum, coupled with the 5-month Arab embargo on its export, has shown that fulfilling our national energy needs can be directly affected by economic and political decisions made in other countries.

Interdependence is also a two-way street. When the United States unilaterally declared a ban on the exports of soybeans last summer, the result was havoc in the world's agricultural and meat markets. And we took this disruptive action after years of encouraging Western Europe and Japan to cut down on their own soybean production in favor of American imports.

Thus for both the United States and its trading partners, the focus of concern has increasingly shifted from gaining access to markets, to securing dependable access to supplies.

At the same time, accelerating inflation has emerged as the most intransigent common problem plaguing modern economies. Despite all efforts, it has so far defied solution. But the disturbing fact remains: That as conflicts increase between national political and economic priorities on the one hand and international relations on the other. A rash of nationalistic beggar-thy-neighbor policies may afflict the international economic system.

Already, some of the most seriously affected countries—including Italy—have taken steps to decrease their imports. Several major industrialized countries, and almost all poor countries, project sizeable balance-of-payments deficits for this year thus raising the threat of spreading unilateral national policy decisions that will lead to a trade war.

It is critical, therefore, for the major trading nations to act with the same foresight and wisdom that led to the creation of today's economic system. They must give substance to the belief that, since our economic problems are common ones, then the most beneficial and least disruptive solutions must be common ones as well. We need new international rules and standards to meet these issues and to develop an agreed framework that will help us deal with them. We must engage in serious trade discussions, not only to promote the flow of trade and to deal with particular problems that may stem from changing trade patterns, but also to prevent the growth of competitive and self-defeating protectionism, and to ensure that all sectors of American society will benefit.

Sometimes maintaining the status quo in international relations is the wisest and safest policy for all concerned. But this is not such a time. Events compel action on these major economic problems. Will each State make these decisions unilaterally and in conflict with one another? Or will each of us join together to pursue our common interests cooperatively?

Mr. President, the Senate Finance Committee is now considering the trade reform act of 1973, passed by the House last December. My distinguished colleague from Louisiana (Mr. LONG) and his committee have held extensive hearings on this bill. They have received advice from experts in government, labor, business and the academic community. Wisely, they have recognized the seriousness of the issues involved, and the impact that this bill will have on the direction of our foreign economic policy. Their efforts have been unstinting and exhaustive and I commend them.

It is important for the Senate to debate and decide this legislation with dispatch, once it is reported from committee. For if we do not, events in the world may overtake us. Our immediate concern is not so much to open new vistas for world trade—although we hope that may be possible—but rather to stabilize the world economic system: to keep nations talking about our common problems instead of fighting about them.

Mr. President, I take this opportunity to stress the importance of H.R. 10710, for the future of our Nation's economy and that of the world.

Mr. President, I yield the balance of my time to the distinguished acting majority leader. I thank him.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

Mr. President, I ask unanimous consent that the Senator from Illinois (Mr. PERCY) now be recognized without prejudice to Senators whose names appear on the list.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I stand before the Senate today as an unabashed exponent and proponent of freer trade. This is a position that I have maintained as a public official, a position consistent with the position that I have taken for many, many years as a member of American industry.

When I was in business, I lived in a highly protected industry, the photographic industry. Yet I felt that there was no company in the United States that had the right to ask this country to change its national policy to suit the economic needs of that particular company. For this reason, for many, many years I came down to Washington to testify before the Ways and Means Committee and the Senate Finance Committee. I spoke against the testimony of the National Association of Photographic Manufacturers and against the testimony of certain other industries in which our company was engaged.

Back in the early 1950's, at the instigation of then President Dwight D. Eisenhower, a committee of businessmen was formed called the Committee for a National Trade Policy. The first chairman was John Coleman, the chief exexecutive officer of the Burroughs Corp. Charlie Taft was a very strong member of that committee and worked as an officer of the committee. I became the legislative chairman, and in the early 1950's we began work on a trade bill that would take the leadership in showing that the American business community truly believed in a free market.

Now the rhetoric is very great in the American business community in favor of the free market. But many really say, "The free market, except for my particular case." I say that because whether a businessman is in the strawberry business in Florida or in the dairy business in Illinois or Wisconsin and he needs protection from imports, he says, "I am for free trade except for strawberries or except for dairy products." We, of course, are then asked to restrict strawberries or dairy products from coming into this country; or textiles, or shoes, or machinery. Mr. President, individual American businessmen cannot have it both ways. They cannot have a principle apply to everyone but themselves.

I suppose I was a rather interesting phenomena in a highly protected industry with something like a 40-percent tariff protecting photographic products coming from abroad. My friends in the industry referred to cheap competitive labor from Japan and Germany and said, "How can we conceivably compete with that economic force?" Yet, at that particular time my modest company was doing about $13 million business and had about 1,500 employees.

Tariffs in photographic products have gradually come down to where they are miniscule now, probably 5 percent at most. Yet I noticed recently that Bell & Howell Co. had its largest single quarter in history in the third quarter last year, with 12 consecutive quarters of increased earnings and company sales exceeding $400 million. It now employs to 12,000 people. Mr. President, my association with the company ended when I came into public life, but I have noted with great interest the ability of the company to survive. It moved its capital and its resources into those things the Nation needed and did not ask for governmental aid to protect its domestic sales. I think this is the principle that must govern all industry. No firm should ask this country to change its trade policy solely for reasons of company survival.

This policy of freer trade has been supported by every administration since Dwight D. Eisenhower, both Democrat and Republican. It has been supported by

every Congress since that time when we took the dramatic steps and passed the trade bill that opened up the doors of every nation in the world to American production. They opened their doors because we, in turn, opened up our doors to their trade. We cannot expect to ship exports from this country and have the boats come back empty. It is impossible; trade must be a two-way street.

It is for this reason, for my commitment to freer trade, that I am delighted and honored to participate in this colloquy on the Trade Reform Act of 1973 with my distinguished colleagues.

I represent the interests of a constituency, the State of Illinois, which ranks first in agricultural exports, third in industrial exports, and second in overall exports. To say that the continued expansion of the U.S. trade relationships is in their interest is an understatement. I presume the State of Illinois also is one of the largest consumers of imports. As a consumer it also receives benefits from world trade. Every consumer in my State and every consumer in America benefits from lower costs and the more efficient production generated by freer trade.

Given these interests, I can only voice grave concern that this body has not begun to debate the first comprehensive trade initiative brought before it in over a decade. By our inaction, we stand to lose the momentum for worldwide trade reform generated by the President's bold move on August 15, 1971. During the negotiations that immediately followed August 15, the United States struggled mightily to link the necessity for trade reform with monetary reform. It was only with great reluctance that the Europeans and the Japanese succumbed to this pressure. Yet today the United States stands alone as the only major trading nation of the world whose legislative branch has yet to grant its executive branch authority to negotiate on trade reform.

All indicators are that if the U.S. Congress does not grant negotiating authority in the next few months, the effort toward worldwide trade reform will die. The parliamentary majorities of the ruling governments in Europe are not strong. They are faced with growing political pressure to turn inward, to solve their economic problems in the more narrow confines of economic nationalism. We have seen too well how destructive this approach was in the 1930's when the world was far less interdependent than it is today.

To let the momentum of the last 2 years die in our hands would be to turn our backs on 30 years of international economic growth. Over these years the economies of the western world have experienced unprecedented growth and unprecedented interdependence. A system of open flow of trade and investment has been structured to replace the colonial mercantilism that dominated the globe for more than 400 years. This system of open trade and investment, in a world of growing scarcity, has allowed a more efficient use of the world's economic resources. Because of its sheer size in the system, no nation has benefitted more than the United States. Yet it is the very existence of this system that we threaten by not moving forward on the Trade Reform Act of 1973.

Every institutional system, whether it be a trading system or a government, must evolve and change over time in order to adapt to the shifting needs of the constituencies it serves. If an institution does not adapt, it becomes an anachronism and it dies. The mechanism for evolution in our international trading system is worldwide negotiations.

There are a number of trade issues in the Western World which must be addressed. Tariffs still remain an impediment to the free flow of trade, especially new devices such as the variable levy used so effectively by the European Common Market to hold lower-priced American agricultural products out of the European markets. The growing obstruction of trade by non-tariff barriers must be negotiated away. The question of how to integrate more equitably the less developed countries into our trading system must be debated. Finally, and possibly with the greatest amount of difficulty, we must begin the process of developing trade and economic relationships with the state trading nations.

These are complicated problems. They are not easily resolved nor will they be politically pleasant for many of us. But we may also be assured that they will not disappear and that the political problems associated with their solution will grow with time, not diminish.

We must start now and we must move now in this Congress, on this floor. We must move this process of negotiations forward. To let the initiative of worldwide trade reform die in this chamber

would be to negate our responsibilities to our constituencies and our Nation.

Mr. President, we take great pride in Congress in pointing out continually that our workflow has been steady, that the number of rollcalls we cast has been in excess of preceding years, that our calendar has been relatively clear, that we can move forward, and that we are not immobilized by Watergate. Certainly, Watergate has nothing to do with the trade bill, but I think we have a problem of communication. It will be very difficult for us to explain to the rest of the world, when all they hear of from Washington is Watergate, that we actually are moving ahead and carrying on the work of the Nation if we are the only nation in the world that does not enfranchise our executive branch with the authority to carry forward our national trade policy.

Mr. President, I think it is a great responsibility of our leadership, a great responsibility of the Members of the Senate, to see that we now move forward expeditiously. There are some controversial issues involved. There is no question but what those controversial issues can best be resolved by an up or down vote right here on the Senate floor. I would certainly hope we could move now with dispatch in seeing htat this legislation comes before us so that we can act on this trade legislation and not be held responsible for impeding the progress of world trade at a very crucial period in our history.

We are, Mr. President, in a period of international economic readjustment, evidenced by efforts to retain both the monetary and trade systems. History has shown us that periods of prosperity in the United States and the world have always been marked by expansions in trade. Conversely periods of economic adversity have always seen world trade contract. The free flow of capital technology and management of American and world resources have always benefit this Nation. World trade and world investment allow us to accelerate our own economic growth by sharing in the more rapid expansion of the economies of other nations.

The bill, Trade Reform Bill of 1973, will in general result in promoting world trade and investment. There are, however, several specific aspects of the bill I would like to address today.

U.S. TRADE ADJUSTMENT PROGRAMS

The entire concept of open trade is premised on the assumption that this Nation as a whole will benefit through job-generating exports and through imports which will lower prices, bring more competition to our markets and provide a wider variety of goods for the American consumer. While this premise is true in the aggregate we must recognize that there will be specific economic sectors, industries, firms, communities and individuals, who will be forced to make adjustments. The benefits of trade fall to all, the cost of trade should not be borne by a few. No policy of open trade can be complete without an adequate program of adjustment assistance whose cost is shouldered by the government, on behalf of the people as a whole.

In 1973 Senator TAFT, and I introduced a Trade Adjustment Assistance Act, S. 1156. Many of the provisions of that act are now contained in the present bill. However, I believe that the compensation the present bill provides to firms, communities and workers is inadequate. For instance the present bill provides that a worker be compensated for 70 percent of his average weekly wage. While this is adequate for short-term readjustment, I believe that this figure should be increased, to 75 percent or 80 percent and even to a higher level, perhaps 90 percent, if the worker enrolls in a training or retraining program.

Special benefits would provide an incentive for a worker to begin a training program. They could gradually be phased downward to 75 percent in stages through the duration of the training period. The government should also pay the employer's portion of such fringe benefits as health insurance. Special compensation programs should also be developed for the older members of our work force, those 60 and older, who find it especially difficult to retrain at the end of their careers. Full benefits should accrue to these people until they are eligible for social security. An adequate adjustment assistance program should also provide for assistance to communities as well. And, we should consider expanded credit and technological help for small businesses, and specific credits to communities whose economic base is severely affected by imports.

TRADE WITH INDUSTRIALIZED NATIONS

To a great degree the stimulus for this bill is written in the evolution of our

continuing relationship with other free-world industrial nations. Congress should emphasize its continuing belief in the principle of nondiscriminatory trade practices. On the other hand we should establish that we will not allow predatory commercial practices such as dumping or subsidizing of exports for the purpose of penetrating our domestic markets.

While the concept of protection from unfair trade practices has long been present in trade bills, protection for the consumer has been lacking. There is a great need to work out among trading nations, and specifically the industrialized nations, common international standards for safety, labeling, sizes, etc. so that these provisions do not become non-tariff barriers that inhibit trade, protect inefficient domestic production and thereby harm rather than help the consumer. This same holds true for environmental legislation affecting products that enter international trade.

Furthermore, I suggest that the Tariff Commission provide Congress on an annual basis a report estimating the cost to the American consumer of specific tariff and nontariff barriers by product group. The American people have a right to know how much they are paying and who is benefiting.

S. 1156 provides that when the Tariff Commission recommends an increase of tariffs, or a quota, on an imported product, that the Commission include in its report an analysis of the effect of the additional protection on the price and availability of the product to the American consumer.

TRADE WITH THE DEVELOPING NATIONS

The entire concept of our trade with the developing nations is shortsighted. We set up elaborate aid programs and credit schemes to promote capital goods exports of these countries, demand hard currency repayment of these credits, and then often close off our markets to important manufactured exports, such as textiles. By inhibiting the development of manufacturing sectors in less developed countries we force them to rely for foreign exchange on raw material exports, thereby making it attractive for them to group together into producer cartels in order to raise their prices. We want a diversified economy, and so do they.

It is not in our interest to keep less developed countries less developed. We want them to have higher per capita incomes because that means more world growth and more markets for our industrial and agricultural products.

The present bill is in many respects desirable, an improvement over the bill requested by the administration because it more clearly defines the congressional role in the implementation of foreign trade policy. It adds improved adjustment assistance programs which should, I believe, be further improved in the ways I have suggested. With the addition of further consumer safeguards, I think the bill is an important, constructive new link in the progression of U.S. reciprocal trade acts that have resulted in a continued expansion of world trade.

What we need now is action.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Minnesota (Mr. HUMPHREY) now be recognized without prejudice to the Senators whose names appear ahead of his.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. ACTION ON TRADE LEGISLATION NECESSARY TO RESTORE WORLD ECONOMIC ORDER

Mr. HUMPHREY. Mr. President, yesterday I placed the letter into the RECORD which was circulated announcing this colloquy today on the need for foreign trade legislation.

That letter was signed by a number of our colleagues and appears on page S12395 of the RECORD for July 15, 1974.

Mr. President, I am indeed concerned that the Congress has now delayed trade legislation for well over a year.

Without a bill providing the President with tools for bargaining, substantive negotiations with our trading partners are not possible.

The alternative could be the temptation by some countries to protect themselves by raising trade barriers rather than through internationally agreed upon solutions.

Mr. President, almost a half a century ago the world embarked on a course of trade liberalization which, with only minor interventions, has led to the tremendous expansion of world commerce since that period.

In many ways, our modern standard of living can be traced to the break with the mercantilism which had dominated trade policy during the previous century. No longer did countries feel they

could pay the high cost of economic self-sufficiency.

It was clear that the benefits of rapidly expanding technology and production could be effectively tapped only by providing a free and open climate for world commerce.

Yet it took a wave of protectionism and a worldwide depression to shock the world into a fresh review of trade policy.

The late twenties and early thirties saw a steady deterioration of the international trade order.

Individual countries moved to establish unilateral trade barriers to correct monetary and commercial pressures.

In 1930 the United States passed the Smoot-Hawley Tariff Act which has since represented a high point in U.S. protectionism.

This action was soon followed by many other industrial nations setting the world off into a new course characterized by protectionist trade restrictions.

Mr. President, we all know now the tragic results of this protectionist activity. It brought the world economy to its knees in a worldwide depression which caused great hardship to hundreds of millions of people, and, according to many historians set the stage for the political instability which led to the Second World War.

By 1934 it was clear that protectionist policies were not solving economic problems anywhere and that world economic recovery would be possible only if countries would agree to rebuild the framework for more open world commerce which had by then almost totally collapsed.

At this particular juncture in our national history, Franklin Roosevelt, with the able direction and leadership of the late and beloved Cordell Hull, then Secretary of State, initiated what is known as the reciprocal trade agreements program. That policy of reciprocal trade liberalization did much to bring the world out of the economic disorder of the great depression period and into a new era of expanded world trade and commerce.

Yet the human species has often had to learn the hard way. And sometimes the benefits of our own experiences become lost as our memories fade away. I am afraid that we are beginning to forget the painful lessons in trade policy which consumers around the world suffered during the 1930's.

New economic problems now plague the developed and most of the developing world. And once again, countries are taking unilateral measures affecting foreign trade to relieve the strains of balance-of-payments deficits and domestic inflation.

In other words, Mr. President, we seem to be somewhat like the old French kings: we never seem to forget anything, and we never seem to learn anything.

In the past few months:

Italy has introduced an import bonding system which requires importers to place a large deposit on all imports.

Japan has placed a partial ban on imports of beef.

Iceland has placed a surcharge on most imports.

Canada has placed quotas on U.S. egg imports and a ban on U.S. cattle and beef imports.

The European community has severely tightened import restrictions on beef.

Mr. President, I might add that this is just a sampling of the restrictions which are beginning to threaten the world economic order.

This threat is particularly important for the American economy.

While foreign trade amounts to less than 5 percent of our gross national product, its impact on the total economy is significantly greater.

Exports and imports together account for about 25 percent of our domestic demand.

Large sectors of our economy depend on foreign sources for industrial raw materials. And the jobs of millions of Americans, about 8 percent of the total workforce, can be traced directly to our foreign commerce.

The continued deterioration of the world commercial order is of particular concern to American agriculture.

Currently we are selling over two-thirds of our wheat crop, 20 percent of our feed grains, half of our oilseeds, 40 percent of our cotton, and 60 percent of our rice to markets abroad. Yet the proliferation of new tariff and nontariff barriers is making it ever difficult to maintain and expand our foreign markets.

Over the past decade and a half, exports of our U.S. farm production have been one of the biggest positive contributors to our balance of payments.

In 1974, for example, earnings from farm exports will just about pay for our energy imports of $21.6 billion, or, to put it another way, if we did not have these agricultural exports and we had to continue to import what we do in energy, in a few years this country would be close to bankruptcy.

Our overall trade was running at a deficit of $8.5 billion in 1971 and 1972 combined, yet agricultural exports were in surplus for those years by over $5½ billion. And while 1973 brought an overall trade surplus of a modest $1.7 billion, most of this can be accounted for by the huge $9.3 billion surplus in our agricultural trade.

I think it is about time that we understood the importance of foreign trade, particularly as it relates to agriculture.

In a recent address, Mr. Fred J. Ludwig, chairman of the board of the U.S. Feed Grains Council, remarked that:

> If the U.S. was to withdraw from the farm export market it would have to reduce production by 20% and would eliminate jobs of about 8% of our nation's work force.

And U.S. exports have helped us keep our food prices relatively low over the past 30 years. The huge demand for American farm production abroad has allowed our farmers to reach economies of scale which make us the world's most efficient producers of foodstuffs.

But agricultural trade still remains the area most encumbered with barriers to foreign trade.

Countries throughout the world have continued to restrict their market from foreign farm exports by a complex variety of tariff and nontariff barriers.

Quotas, health and packaging standards, variable levies, customs procedures, and border taxes discriminate and discourage the expansion of U.S. markets for farm production abroad.

New problems are arising in regard to maintaining open and reasonable access to the world's basic commodities. And these problems have implications which can go deep into our domestic economy.

We are now painfully aware of the relationship between the outrageous prices we are now paying for gasoline and the action by the oil-producing countries to increase the price of posted crude oil.

But we may not be aware of the fact that this action has ricocheted through our entire economy, resulting in higher costs of production for food and manufactured goods. In agriculture, for instance, higher fuel costs have meant that it cost significantly more to plow, harvest, and dry food crops. The increased fuel costs have meant that it costs more to transport, store, and process farm production. The net result is that the housewife is paying a lot more in the supermarket to feed her family.

Yet the Middle East action to curtail oil output and to raise crude prices may be only a beginning. Countries or groups of countries with a monopoly or near monopoly control of specific raw materials are moving more and more to use their position to control the supply and price of their products.

Recently, producer cartels, following the lead of the oil-producing countries, have taken action to exploit their monopoly over basic commodities.

Brazil announced that it will withhold part of its coffee production from export trade in order to boost the price of coffee on world markets.

Morocco precipitously raised the price of its phosphate rock, a basic component of fertilizer, by 150 percent.

Jamaica increased its tax on bauxite exports eight times and has played a leading role in the creation of a cartel of producing countries to control the price of bauxite on world markets. Since bauxite is the source of aluminum this simply means that the price of aluminum and products made of aluminum will go up.

The banana-producing countries of Central America banned together into a producers organization to gain leverage over world markets and have raised their tax on exports.

Last September over 100 countries initiated a new forum under the General Agreement on Tariffs and Trade to rebuild the framework for maintaining orderly world trade.

Yet the commencement of active discussion has been stalemated over a lack of a negotiation mandate on the part of the United States. That mandate is not possible until Congress acts on trade legislation.

We can no longer afford to put off international consultations in foreign trade.

We must check the growing tendency of countries to find unilateral solutions to balance-of-payments strains and domestic inflation.

We must find agreements to deal with access to the world's raw materials before the monopoly holders define our terms for access to their resources.

Finally, we must create rules to harmonize and eliminate nontariff barriers to trade if we are to curb the proliferation of completely new and uncontrolled vehicles of protectionism.

Therefore, it is with the utmost sincerity and concern that I join with my colleagues today in urging prompt and positive action on foreign trade legislation. I would emphasize that this legislation is part of our national security. National security is meaningless in this day and age without a policy relating to the open and orderly flow of commerce between nations.

Therefore, the actions we take in the coming weeks on foreign trade legislation will have important implications for the continued economic productivity of our Nation and the security of the citizens of this country and many other countries throughout the world.

THE NEED FOR TRADE REFORM LEGISLATION

Mr. BENTSEN. Mr. President, I welcome this opportunity to join my distinguished colleagues here today in a discussion of the importance of multilateral trade negotiations and the urgency with which the Congress must approach the Trade Expansion Act. From a position of dominance, the United States saw its international trade position deteriorate in the 1960's, and only recently have we seen a reversal of that trend. That experience with a series of trade deficits allowed us to witness at first hand the resultant adverse impact on American workers, industries, and communities. Therefore, it is essential that our competitive position in world trade be strengthened and it is with this in mind that the Senate Finance Committee, of which I am a member, will move to mark up the Trade Expansion Act later this month.

I am pleased that there will be action taken on the trade bill and I am hopeful that Congress will have enacted a trade reform bill by the end of this session of Congress for this is one of the most important pieces of legislation facing Congress in some time. In the past few years the world has witnessed a series of damaging blows to the confidence of the international political and economic order: The Arab oil embargo, increasing export subsidies by a number of countries, huge increases in the prices of raw materials, unilateral impositions of export embargoes, double-digit inflation, the formation of regional trade blocs. These actions evidence the urgent need for a new multilateral round of negotiations, negotiations which cannot seriously get underway until the Congress provides the authority to the President to negotiate.

Whereas the focus of previous multilateral talks has been on access to markets, a new and very significant phase of the new negotiations will be access to supplies. It has been said frequently that the United States is an integral part of an international system. Whatever one's view on the U.S. international political role might be, it is certainly obvious that our economic roles is global and will continue to be, whether we like it or not. We do not and cannot live in isolation from the rest of our trading partners. We are not and cannot be totally dependent on domestic supplies of natural resources. We are part of an interdependent world and the strength of our economy, of our industrial base, of our productivity lies on negotiating a new and more satisfactory international economic order, a new trading system.

The unacceptable practice of export subsidies, embargoes, collusion on pricing of raw materials, reverse preferences, such restrictive trade practices increasingly resorted to by many of our most important trade partners must be eliminated and a more equitable trading system inaugurated. And efforts must be taken to reduce floods of imports into our own country where those trade flows result in serious displacement of U.S. production and employment.

Mr. President, economic and financial problems are increasingly dominating our foreign policy. The old international trading system is no longer relevant to the realities of today and a new order must be developed. I am optimistic that a new and satisfactory set of multilateral commercial relations can be developed and will be developed—under the leadership of the United States. I am optimistic about the future of the U.S. economic position in world trade and I am sure my colleagues share my conviction that the Trade Expansion Act is an essential ingredient in insuring that continued strength.

TRADE REFORM BILL NEEDED TO STRENGTHEN THE NATION'S ECONOMY

Mr. CHILES. Mr. President, I am pleased to have this opportunity to speak on the need for trade legislation as I have long had an interest in our trade policy and in how it is executed. As time goes on, I think it is clearer and clearer that the need for a strengthened trade policy is an urgent requirement. As the world has tumbled from one crisis to the next, from one shortage to the next, we have seen how inadequate our institutions and policies have been in anticipating and managing these problems. The time has come where a fresh statement by the Congress of American purposes and policies for world trade would help address these problems and strengthen our own economy, both domestically and internationally.

The trade reform bill will provide the authority necessary for the United States to enter into international negotiations on tariffs and other barriers to trade. Without this authority other nations will not be able to take the United States at its word in these negotiations, and the negotiations themselves will simply not get off the ground without U.S. participation. So, for there to be a concerted international effort to deal with world trade problems, there needs to be a trade reform bill passed by the Congress.

The last time we had a worldwide effort on trade was in the Kennedy round in the early 1960's. The Kennedy round achieved very real results, but these results were limited to changes in tariff policies, mostly those affecting relations between the major nations. Other barriers to trade and problems affecting many other nations were left out of these negotiations. So some of the problems that existed in the 1960's were not addressed in the Kennedy round and still need attention now. On top of this we have new problems that have arisen over the last several years.

The authority for the United States to participate in global trade negotiations expired in 1967. For over 6 years this country has lacked a statement by the Congress of our global trade goals and the necessary legislation to achieve them. The time has come for the Congress again to exercise its constitutional responsibility to "regulate foreign commerce" and to legislate the Nation's trade policy.

There is perhaps a greater need today to engage in an international effort to promote and regulate trade than there was in the early 1960's. Then, the United States was the predominant power in the world economy almost towering over others. Then, the cold war divided the world into blocs and unified each bloc into a tight team. Then, the institutions were available to deal with the kind of international problems that arose.

Now, the world looks very different. Now, other nations have found their place in the world economy and play a major role in it, most notably West Germany, Japan, France, and others. Now, the cold war has ceased to dominate world attention and the Soviet Union and Eastern Europe, and even China are becoming more important in world trade. Now, we have come to ask whether the world has not changed so much as to require fundamental changes in institutions and rules that will enable them to more adequately cope with world economic problems.

We have, in effect, a totally changed world economy over that which we have had in the period since the Second World War. The agreements after World War II gave us a set of institutions and procedures for dealing with economic issues which lasted for 25 years. This framework began to unravel in 1971 when the dollar became unhinged from gold, and currency values began to float rather than remaining fixed as had been the case since the war. This was a basic change in the monetary underpinnings of the world trade system to which adjustments are still being made.

At the same time trade has become increasingly important for the economies of all countries. Free world exports alone have doubled since 1969, and have quadrupled since 1960. This means that world trade has become increasingly important in the lives of all us us, just in terms of availability of things that we want and depend on. But it also means that trade is becoming a tremendous source of growth and employment for our economy. We need to be in a position to take full advantage of the possibilities for trade as a means of giving our economy a stimulus which will help our growth, our employment and our rate of inflation.

Inflation is not only the biggest problem on people's minds but also the biggest problem affecting people's pocketbooks. Trade policy is an important

means of dealing with inflation. We have all seen how the wheat deal with the Soviet Union affected the price we pay for meat and milk and cereal at the supermarket. We have all seen how the price of oil imports from the Middle East, Canada, and Venezuela have affected the price we pay at the pump for gas. We have all seen other nations who produce copper and bauxite and bananas begin to see the advantage of banding together to get a better price and how that is going to affect our prices here at home.

In order to better deal with inflation at home, we need to be able to get a better deal on goods we import from abroad and to get better access to foreign markets for our exports. To do this we need to have a tough bargaining hand to gain access to foreign markets and at the same time to protect our market from subsidized exports from other countries and unfair trade practices. We have to be tight fisted enough with our exports and with our import policies to get what we want in return from other countries. This trade legislation can provide strong negotiating authority and tough policy measures to back up U.S. participation in trade negotiations.

One of the strongest arguments for this legislation is that it provides significant incentives for international negotiation while at the same time it provides for policy measures to advance our interests on our own if international cooperation fails to produce results. I strongly prefer that through U.S. leadership international negotiations will be the principal means for addressing world trade problems. A fundamentally changed world requires that the world's nations sit down together to discuss and decide where we go from here.

But given the politics of trade and the strains of worldwide inflation and resource shortages, many nations may be tempted to deal with trade problems in a highly protective and selfish way. We have to be prepared to protect ourselves from this kind of action by others. Hopefully, too, having the policy authority clearly spelled out on how we can deal with our imports and exports and our balance of payments will keep other nations from acting in an injurious fashion toward us and help bring them to the conference table as the best means of dealing with mutual trade relations.

So, Mr. President, I am strongly in favor of the trade reform bill and its further consideration by the Senate and the Congress as a whole.

This should be the first step by the Congress, but not the last, in establishing the direction of trade relations. I do not think Congress can just legislate the authority for trade to the Executive and let it go at that. What is required is some continuous involvement by Congress as trade negotiations and trade policies evolve so that the constitutional responsibility that rests with the Congress to regulate foreign commerce is fully realized.

I think we need new trade legislation to strengthen our economy at home and to assure that the United States gets the maximum benefit from world trade. This legislation should be a shot in the arm to worldwide efforts to cooperate in dealing with world trade problems. I am hopeful that through these negotiations progress can be made in dampening inflation at home and in the world at large by lowering tariffs and taxes which affect prices and access to vital goods and services. This legislation is crucial. It is time for Congress to act.

The PRESIDING OFFICER (Mr. HUGHES). The Chair recognizes the Senator from Illinois (Mr. STEVENSON).

NEW ECONOMIC REALITIES REQUIRE NEW POLICIES

Mr. STEVENSON. Mr. President, for the past four decades, the United States has sought to expand foreign trade and international economic cooperation. We did not take this course until after the hard experience of the depression and the Smoot-Hawley tariff. Indiscriminate trade barriers, economic nationalism, political isolation, and the disarray of the democracies in the thirties taught the United States a lesson it dare not forget. International trade wars lose more jobs than trade barriers save—and the stakes are far higher than that. The depression of the thirties led to the war of the forties.

Since the enactment of the reciprocal Trade Act in 1934, the United States has encouraged cooperative international economic policies. In the aftermath of World War II, the United States supported the creation of the IMF and GATT; in the 1950's, we participated in the Dillon round of multilateral trade negotiations; and in the 1960's we witnessed the passage of the Omnibus Trade Expansion Act of 1962 and the Kennedy round of trade talks.

Now the post-World War II economic era has come to a close. The European economic community and Japan have become our economic equals in foreign markets.

The dollar is no longer the universal currency. Access to world food and energy supplies underscores the growing interdependence of all nations.

The new international economic realities test the relationships of all nations. Nations competing, as never before for access to supplies, as well as for markets, are tempted to go their own ways in a scramble to make their own deals, each to save itself with import and export restrictions, export subsidies, currency devaluations, and the like. These temptations signal that the United States and its trading partners must work together to develop new international economic policies, relationships, and institutions. The drift toward trading blocs, export embargoes and subsidies, artificial price increases for raw materials and worldwide runaway inflation underscore this urgency. Given the state of the world today, trade negotiations must not only be directed toward removing barriers to markets, but barriers to supply—and to keeping new ones from being erected.

The shape of trade legislation will have momentous consequences for our economy and our foreign policy. Many sectors of the economy face increased competition from abroad. Some of this competition has resulted from unfair trade practices by foreign companies and governments, such as foreign export subsidies, dumping and excessive tariff and nontariff restrictions on U.S. exports.

There is also a strong, and justified, feeling in the United States, that the Government has not sufficiently protected the interests of workers and industries faced with unfair trade practices. The United States must also take stronger measures to see that its exports are treated fairly. Japanese import restrictions on U.S. manufactured goods, the Common Market's barriers to agricultural imports and the recent oil embargo are evidence that we have not relied to the extent possible on hard negotiations backed up by adequate retaliatory authority.

Some would react to these trends by withdrawal from the world. That course will not eliminate the problems which confront us and would deny workers, industries, and consumers the benefits of expanding world trade. The people of Illinois know the benefits of trade. In 1972, Illinois ranked second only to California in overall exports—we were first in agricultural exports and third in the export of manufactured goods.

In 1973, Illinois exported over $5 billion in goods and services and may now be the largest exporting State in the Nation. In farm communities throughout Illinois and in our major industrial cities, over 400,000 people are working in jobs related to foreign trade.

In addition to its effect on the economy, trade legislation will cause countries to assess U.S. foreign policy—whether we are concerned with the development of balanced commitments to Europe, Japan, and the less-developed countries or are unrealistically attempting to devise some modern forms of political and economic isolation.

This Congress must face up to these challenges. And the key element in dealing with these problems is new trade legislation. We may not have another opportunity to pass a comprehensive trade bill for several years, and the world's economic problems will not wait.

How the Congress handles the trade bill will determine the confidence our economic and political partners place in our economic good sense, stability, and power.

The House passed the Trade Reform Act in December. The Senate Finance Committee completed its hearings in early April.

Since then there has been little action on the trade bill. Senate delay is due, in large measure, to the Jackson-Vanik amendment which ties most-favored-nation treatment and export credits for the Soviet Union to open emigration policies.

The President has indicated that he would veto the Trade Reform Act if it is passed with the Jackson-Vanik amendment. He should reconsider this position.

What, after all, is more important to our national interest—reform of the trading system and fair international trade or export subsidies for the Soviet Union?

Détente will not collapse if the amendment becomes law. Détente with the world's second most powerful nation will not be purchased with 7-percent Eximbank loans. Trade can help build a solid relationship between the United States and the Soviet Union, but trade does not require the United States to subsidize its

exports to a nation second only to itself in wealth. The trade negotiations could begin without the purchase of détente and without a forfeit of the U.S. commitment to human rights.

Europe, Japan, and the less developed countries are, and for the foreseeable future will remain, more important to the economic stability of the United States than the Soviet Union. The free world requires a Nixon round and it can have it—plainly so—if the Nixon administration compromises its quest for 7-percent credits in the Soviet Union. The President should reassess his position on the Jackson-Vanik amendment and put the national interest in trade negotiations and a solid détente ahead of any short-term plusses that might be bought with still more credits for the Soviet Union.

We know from experience that trade negotiations will require patience, persistence, and judgment. We also know that the clock will not begin to run until the Congress passes a trade bill. The United States and the world cannot withstand the deterioration of the international trading system for many more years. It is my hope that the Senate will act in this Congress and pass trade legislation which will build a new and stable trading system for the next decade.

WORLD TRADE

Mr. HARTKE. Mr. President, with the turmoil in our domestic economy—double digit inflation, recordbreaking high interest rates, and consistent high unemployment—little notice may have been given to our seriously deteriorating trade position in the world. The skyrocketing price of oil imports and a severe falloff in proceeds from U.S. farm exports pushed the U.S. balance of trade dramatically into the deficit last month. Imports outran exports by a whopping $776.9 million; the second largest monthly deficit on record, surpassed only in October 1971, when the bottom seemed to fall out of our trading position.

It was in 1971, when I stood in front of this distinguished body and warned of the interantional trade and investment crisis which was then beginning to engulf us. At that time, I stated that disorder in our foreign trade, and I quote from my 1971 remarks, "would threaten the livelihood of most Americans and the status of this country as a world industrial leader."

Today, after two devaluations, the loss of thousands of domestic jobs, and oil blackmail in the international marketplace, we are in the very throes of that crisis. Its destructive effects continue unabated because we have failed to adopt a comprehensive course of assertive self-interest in world trade.

America has been challenged by its powerful trading partners and has not met the challenge responsibly. The administration's trade bill contains no provisions to remove huge tax breaks on overseas investment, to regulate the wholesale exodus of America's newest technology and production units, and to combat the rising prices in the United States caused by trade and investment problems.

Trade legislation which I have sponsored in the trade field directly addresses the major irregularities and problems of international finance and their effect upon the American economy.

I might say, parenthetically, Mr. President, for 3 years the Burke-Hartke bill was the only trade legislation that was even before Congress let alone any of the proposals to address themselves to the problems which were involved.

Let me provide just two examples where my legislation would meet the challenge of the international marketplace head on.

TAX LOOPHOLES, THE INTERNATIONAL OIL MONOPOLY, AND THE U.S. DEPENDENCE ON ARAB OIL

The United States is now dependent upon the Arab world for its supplies of oil and gas, because our present tax structure provides an economic incentive for gigantic U.S.-based multinational petroleum companies to go abroad rather than to produce more oil at home.

The single most direct tax loophole available to corporations which move abroad is the foreign tax credit. Our tax laws provide that foreign subsidiaries of U.S. corporations may credit their foreign taxes paid against the foreign source income tax liability of the parent corporation.

The multinational oil companies earned $1.85 billion on mining and oil operations abroad in 1970, but because of their use of the foreign tax credit loopholes, these firms paid not 1 cent in U.S. taxes on that income.

The Arabian American Oil Co.—commonly known as Aramco—which is a huge oil producing consortium consisting of Exxon, Texaco, Mobil, Standard Oil of California, and the Saudi Arabian

Government, is the world's largest petroleum producer and the world's largest moneymaker. In 1973, the company had profits after taxes of $3.25 billion. How much did the U.S. Government get from them in taxes? Not 1 penny of income tax and a meager $2.7 million in payroll taxes.

Mr. President, Aramco is no exception. I ask unanimous consent to have printed in the RECORD at this point as exhibit No. 1, a table which contains information to show how little U.S.-based oil companies paid in taxes to the United States.

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

EXHIBIT NO. 1

U.S. TAXES PAID BY U.S.-BASED MAJOR OIL COMPANIES IN 1972/1962-1971

[Dollars in billions]

Company	Net income before taxes 1972	Percent paid in U.S. taxes 1972	Net income before taxes 1962-71	Percent paid in U.S. taxes 1962-71
Exxon	$3.700	6.5	$19.653	7.3
Texaco	1.376	1.7	8.702	2.6
Mobile	1.344	1.3	6.388	6.1
Gulf	1.009	1.2	7.856	4.7
SoCal	.941	2.05	5.186	2.7

Mr. HARTKE. Mr. President, I also ask unanimous consent that a table which depicts an example of how three major international oil firms significantly reduced their tax burdens in 1970 via the important mechanism of the foreign tax credit, be printed in the RECORD at this point as exhibit No. 2.

The PRESIDING OFFICER. Without objection, it is ordered.

(See exhibit No. 2.)

EXHIBIT NO. 2

NET TAX BEFORE AND AFTER FOREIGN TAX CREDIT IN 3 MAJOR OIL COMPANIES IN 1970

[In millions]

Oil corporations	Total income	Net tax before FTC	Foreign tax credit	Net tax after FTC
A	$2,798	$168	$133	$35
B	2,651	231	213	18
C	2,135	114	101	13

Mr. HARTKE. Mr. President, the data in exhibit No. 1 is based upon information supplied my staff by the Senate Subcommittee on Multinational Corporations. That table makes very clear that the petroleum industry paid very little in U.S. taxes. Exxon paid the most with an effective rate of 6.5 percent. The other giant multinational firms paid less than 2 percent. Most taxpayers in this country are taxed at least at five times that rate.

The data in exhibit No. 2 comes from the public tax records of the petroleum industry. This table shows, without identifying specific firms by name, just how much the foreign tax credit reduces the domestic taxes of these giant corporations. A company with almost $3 billion in profits would pay $168 million in taxes if it made those profits here at home, but winds up paying only $35 million—about one-fifth the taxes—after use of the foreign tax credit.

Mr. President, the shift of the foreign tax credit to a deduction for foreign producers of petroleum would have the beneficial effect of putting domestic production of oil in a more competitive position with foreign development. This is exactly what my legislation—S. 3060—would do. The U.S. Geological Survey states that there are still 440 billion barrels of producible and undiscovered oil in the United States. This is enough to meet America's need well into the next century. What we have to do is make an investment in its exploration and production as beneficial as investment abroad.

In industry after industry, plants have folded up in the United States as multinational corporations simultaneously opened plants in other countries.

In the electronics industry, for instance, the Standard Kolman Co. closed its plant in Oshkosh, Wis., with 1,100 employees, and shifted the jobs to Mexico in 1970. Emerson closed a plant of several thousand employees and set up shop in Taiwan. Bendix deserted 600 employees in York, Pa., and Long Island, N.Y., to open a plant in Mexico. Warwick Electronics transferred 1,600 jobs from Zion, Ill., to Mexico and Japan. General Instrument recently closed down two plants in New England and moved to Taiwan for the manufacture of television parts; 12,000 Americans lost their jobs. RCA transferred an operation from Cincinnati—2,000 workers—to Belgium and Taiwan.

One of the most painful stories, related by Paul Jennings, president of the International Union of Electrical, Radio and Machine Workers, is about an RCA

plant of 4,000 employees in Memphis, Tenn. In 1966, Robert Sarnoff, RCA president, boasted that this plant "was destined for a key role in the unfolding story of RCA." The installation was already providing meaningful employment to people living in the ghettos of Memphis. Four years later, 1970, RCA closed down the plant and moved its operations abroad.

Two thousand machinists lost their jobs in the General Electric plant at Utica, N.Y., between 1966 and 1972 as the company phased this operation out of the United States and into its subsidiary in Singapore where labor works for 18 cents an hour.

In 1971, International Silver exported more than 1,000 steelworkers' jobs from their plant in Meriden-Wallingford, Conn., to Taiwan. The stainless steel flatware formerly made in Connecticut is now imported from International Silver's affiliate in Nationalist China.

More than 19,000 shoe workers in Massachusetts lost their jobs in the 1960's as American footwear industries succumbed to cheaper imports and large conglomerate multinationals like Interco and Genesco which began producing shoes in France, Belgium, England, Italy, and South America. Spain alone exported $289 million in shoes last year and the United States purchased $210 million, or three-fourths of them.

And the story goes on and on.

What is the solution?

As long as America's tax policy makes it more profitable to invest abroad than at home, plants will continue to move abroad and the foreign export market wil be increasingly supplied from foreign-based plants instead of from domestic-based industry. The Hartke trade proposals provide dramatic new tools for meeting this challenge. Tax advantages for investing abroad would be removed so that domestic investment would be on an equal economic footing.

My approach would shift the foreign tax credit to a simple deduction and eliminate tax deferral on foreign source income.

That is exactly the way the domestic corporations have to compete. Public opinion strongly supports this approach.

PUBLIC OPINION STRONGLY SUPPORTS HARTKE GOALS

Finally, Mr. President, I would like to point out that public opinion supports the goals of my legislation. In a recent survey taken by Mr. Roper, 67 percent of those polled thought that U.S.-based multinational firms should not be allowed a foreign tax credit. Full U.S. taxes should be paid on foreign earnings.

My proposals are designed specifically to put our industry on an even footing with foreign competition and make domestic investment just as attractive as investment abroad. By controlling predatory trade practices and regulating the American based multinational firm, the Hartke approach to trade policy will put America back on the path to a world of free and fair trade.

Mr. President, if we are to deal with trade policies, we must deal with them in terms that are real and not as textbook economics which went out of style in 1902.

I ask unanimous consent to have printed in the RECORD a summary of that finding by the Roper organization.

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

ROPER REPORTS

[Issued First of April, 1973]

LOYALTIES OF MULTINATIONALS CHALLENGED

66%, in damning indictment, say U.S. companies operating abroad put own interests above those of U.S.

NO TAX CREDITS FOR U.S. COMPANIES ABROAD

67% think U.S. multinationals should not be allowed to deduct foreign taxes from U.S. taxes owed. Full U.S. taxes should be paid.

PUBLIC COOLISH TOWARD FOREIGN TRADE

Only one-fifth want more foreign trade, 3 in 10 want less. Greatest resistance to more trade among union members.

MOST WANT EXPORT-IMPORT BALANCE

65% want exports to equal imports.

FOREIGN COMPANIES HERE?

By modest margin, public favors foreign companies operating in U.S. 50% think government should encourage them, 39% would discourage them.

MORE JOBS FOR AMERICANS

60% say foreign firms here would mean more jobs.

On another subject, would you like to see more trade between the United States and foreign countries than we now have, less trade than we now have, or about the same amount of trade we now have? More trade, 21 percent; Less trade, 30 percent; Same amount, 33 percent; and Don't know, 15 percent.

What do you think the long range goal of the United States should be when it comes to foreign trade—to export more than we import, or to import more than we export, or to have exports just about equal imports? Export more, 18 percent; Import more, 4 percent; Haxe exports about equal imports, 65 percent; and Don't Know, 13 percent.

When American companies have operations in another country they usually have to pay taxes on their profits to that country. Do you think they should be allowed to deduct the amount of those taxes from what they are required to pay in United States taxes, or that they should be required to pay full taxes on their profits to the United States? Should be allowed to deduct foreign taxes, 19 percent; Should pay full taxes to the U.S., 67 percent; and Don't know, 14 percent.

Consonant with other signs of a national drawing inward noted in recent surveys, public sentiment in coolish toward increased foreign trade. Three out of ten favor less trade between the U.S. and other countries, while only two in ten want more foreign trade. One-third would keep trade at current levels. Greatest support for increased foreign trade is among executive/professionals (37%), the college educated (34%), the affluent (33%), and the politically and socially active (32%). Greatest resistance to foreign trade is found among union members and blue collar workers (37%), probably because they are job threats.

EXPORTS VS. IMPORTS

Two-thirds of the public think exports and imports should be in balance. However, higher than average support for an export surplus comes from the affluent (31%), the college educated (28%), executives/professionals (27%), and the politically and socially active (26%).

OVERSEAS COMPANIES PAY FULL U.S. TAXES?

Perhaps influenced by recent reports on high oil company profits, and general suspicious about U.S. companies operating abroad (see I), two-thirds of the public thinks that American companies operating overseas should not be allowed to deduct foreign taxes from their U.S. tax bill, but rather pay full taxes on their profits to the U.S. Government. Again, the affluent, the better educated, and executives/professional are most likely to concede the point of subtracting foreign taxes, but even these groups favor full U.S. tax payments by two to one.

The tax credit feature of Burke-Hartke has strong public support.

AMERICAN COMPANIES ABROAD

The legend of "the ugly American" abroad extends in many minds to the American corporation. Two-thirds of the public believes it likely that American companies operating abroad put their own interests above those of the United States. This is a damning indictment indeed, and only two out of ten would defend overseas companies from it. Most convinced that companies abroad place corporate above national interest are Westerners (77%), political and social activities (76%), exceutives/professionals (74%), the college educated (74%), and the affluent (72%).

FOREIGN COMPANIES: AMERICAN OPERATIONS

By contrast, foreign companies should be encouraged to establish operations in the United States, say half the public. Another two-fifths thinks such operations should be discouraged. This is rather lukewarm acceptance, and in tune with general lack of enthusiasm about increasing foreign trade and relations.

Last October the public expressed itself as against encouraging U.S. companies to operate overseas (50% to 26%). If the public's wishes were carried out, it would mean all multinational companies would be *foreign*, a conclusion not all who answered may have thought their way through to. Some education on international trade seems to be needed.

How widespread fears are of foreign "takeovers" was not measured; but another probable effect of foreign companies building plants here was: impact on American jobs. By a margin of six to one, Americans see foreign companies operating here as bringing more jobs to Americans, undoubtedly the main reason for favoring such operations.

There has been speculation to the effect that when large American companies have operations abroad they sometimes make agreements with other countries that are in conflict with U.S. foreign policy and not always in the best interests of the United States. Most of these large companies have denied this, and say they do not do anything that conflicts with U.S. foreign policy. What do you think is likely to be true—that American companies operating abroad put their own interests above those of the United States, or that they place the interest of the United States first? Put their interests above those of the U.S., 66 percent: Place interests of U.S. first, 20 percent; and Don't know, 14 percent.

There has been interest expressed recently by some foreign companies in building plants here in the United States. For example, a German automobile company might want to build a plant here to make its cars here instead of making them in Germany and shipping them here for sale. Generally speaking, do you think it should be our government's policy to encourage foreign companies having operations in the United States or to discourage them? Encourage, 50 percent: Discourage, 39 percent; and Don't know, 10 percent.

If more foreign companies *did* have operations in this country, do you think it would mean more jobs for Americans than there now are, or fewer jobs, or don't you think it would have any effect on the number of jobs for Americans? More, 60 percent; Fewer, 10 percent; No effect, 20 percent; and Don't know, 10 percent.

TRADE REFORM ACT

Mr. DOLE. Mr. President, the fun and games days of international trade agreements are over, and no one should harbor any illusions. We are going to have to bargain hard when we sit down to the bargaining table from now on and the trade bill gives the President the authority he needs to do that.

We cannot afford another tariff-cutting exercise like the Kennedy round which left U.S. markets overexposed to foreign imports without providing corresponding benefits for U.S. exporters. Our businessmen are going to have to compete on an even basis. But what appears to be an "even" basis on paper does not always turn out to be so in actual practice, as we have seen, especially in our trade with Japan. The President needs the authority to deal with those situations.

When we talk about the need for a trade bill, we should bear in mind that we have been running a trade deficit, on a "C.I.F. basis," since 1966. Obviously, we cannot afford to stay in this position.

COMPETITION CHANGED

While the problem may be simple, the solution is not. There are many technical terms which could be used to describe the complexities of international trade. But for shorthand purposes, we can use just two words: Europe and Japan.

The countries we helped to rebuild after World War II are now our strongest competitors. We are well aware of the difficulties of penetrating those markets to achieve a fair trade position.

It is sufficiently clear, however, that one of the essential requirements to achieving a fair trade position is giving the President adequate bargaining authority. That authority is provided in the trade bill. I believe that we in the Senate should get on with our part in running this country, and that includes passing a workable version of the trade bill to permit us to achieve a viable position in the world economy.

HIGH STAKES

The stakes are large. The great State of Kansas has a tremendous interest at stake, as undoubtedly every other State in the Union does.

Kansas is the Nation's No. 1 wheat growing State. For the past 2 years, we have exported nearly two-thirds of our wheat crop. Those export sales have helped strengthen the market tremendously. And it has been only that market strength that has allowed Kansas farmers to stay in business in the face of greatly inflated prices for the industrial goods and services they depend on.

That inflation, incidentally, is partially due to the "chickens coming home to roost" on the trade deficit we have been running.

Kansans are doing their share of improving our trade position, but they need help in dealing with the European Economic Community, Japan, and other nations. The trade bill would hopefully provide the authority necessary to give them that help.

Since 1934, the Congress has delegated the authority for negotiating reciprocal trade agreements with foreign countries to the executive branch of Government. And in the interviewing years, a variety of bilateral and multilateral reciprocal agreements have been concluded. The first, of course, was Breton Woods in 1944. Between 1944 and 1962, we had a series of trade negotiations which substantially reduced tariff barriers around the world. In 1962, the Congress authorized the so-called Kennedy Round which led to the largest tariff reductions in the post-war period.

But based on hard evidence in a number of important export sectors of our economy, it is clear that these trade agreements have neither been reciprocal nor fair. Indeed, most of them have been deliberately designed to transfer our resources to other countries.

Now the motives for these agreements may have been of the highest and most praiseworthy nature, as we sought to rebuild and strengthen a war-torn and depressed world economic order. But times have changed. As we have noted, the United States has large trade and balance-of-payments deficits, and the new round of trade negotiations is needed to reverse this situation. The trade bill is an essential prerequisite.

A FAIR SHAKE FOR AMERICA

The President proposed the trade bill in order to have the necessary flexibility to deal with the complexities of trading with other countries. It would give the executive branch authority to raise or lower all tariffs in the United States, and to deal with the difficult, but important, nontariff trade barriers which U.S. exporters face, particularly in the Japanese and European markets. He seeks maximum negotiating authority and flexibility to achieve, as he said, "a fair shake"

for America in our international trade relationships.

I believe the United States has more than a reasonable expectation of receiving that fair shake. We have a right to it. But having a right to it and getting it are two entirely separate matters.

NO ILLUSIONS

I certainly hope our trading partners will enter into these negotiations with the realization that the United States cannot trade horses for hares anymore. We are going to have to bargain hard, and our overall bargaining position is going to include the threat that the U.S. market will be free only to those who give our exporters reciprocal advantages in their markets.

As I noted before, the fun and games days of international trade agreements are over. For their part, our trading partners should neither expect unearned concessions, nor be upset when we refuse to offer them. The United States can no longer afford unjustifiable and unilateral trade giveaways and generosity, and when we sit down to the bargaining table from now on, everyone should be on notice that we are playing for keeps.

On our part, we cannot expect to furnish any undeserving shelter to American industries which cannot compete on an even basis—and I stress, on an even basis—with their counterparts in other countries.

Since the end of the Kennedy Round, our trade and balance-of-payments deficits have grown by leaps and bounds, while industry after industry has complained of foreign nontariff barriers which were neglected in those negotiations. More than 70 American industries requested import protection in 1970, and I doubt that their numbers have dwindled since then.

So let us turn for a moment to the two principal economic powers and see how the negotiations stack up.

UNITED STATES-JAPAN

Let us start with Japan, the source of our biggest trade deficit in 1972—$4.5 billion on an f.o.b. basis, and over $6 billion on a c.i.f. basis. Last year, we had a trade deficit of $1.4 billion on an f.o.b. basis. Obviously, the situation is improving, but we have a long way to go.

Of course, it is a fact that two devaluations have changed the relationship between the U.S. dollar and the Japanese yen by over 35 percent in recent years. If the laws of economics were able to operate freely, this would mean a rapid shift in our trade imbalance with Japan. United States imports from Japan would tend to slow down.

But the laws of economics are not operating freely. The Japanese Government has cozy cartel arrangements with its great trading houses and industries. The net result has been that the dollar devaluation in regard to the yen has not and will not, in itself, bring about a corresponding degree of change in the trade imbalance between the two countries.

CLEAR MESSAGE

But sooner or later, we are going to have to tell our good friends in Japan that they cannot enjoy this advantageous situation for as long as they can sustain it, for, as much as we may be opposed in principal to doing so, we will be forced to impose restrictions on their exports to our market.

It is well-known that Japan is a monolithic economic structure in which the government, banks, and business community set specific export targets on a sector-by-sector basis and adopt policies to insure that those targets are met. I am not critical of their system. It obviously works a lot better than ours, in some significant ways. But I am suggesting that either we are going to have to tell the Japanese that they can export to our market only to the extent that they import from us, or the Japanese are going to have to use their ingenious trading system to set targets on imports from us, which would be in balance with their targets on exports to the United States.

ARTIFICIAL OBSTACLES

This is not a matter of the Japanese being forced to pay a penalty in support of inefficient or uncompetitive American industries. The ideal solution, of course, would be for U.S. firms to increase their exports to Japan to make up the difference. But frequently, American businessmen seeking to do business in Japan have encountered a system of official and nonofficial burdens which make doing business there a near impossibility.

There is no reason in the world why we could not be selling a lot more to Japan, both in industrial and agricultural commodities. Yet, in areas in which we are competitive in agriculture and industry, the Japanese have reserved many of those markets for their own producers. To be fair, I must say that the Japanese have liberalized their economy and their import structure to some extent. And

they appear willing to change their priorities and give their consumers some of the benefits of living in a modern industrial economy. But, the progress has been painfully slow, and trade deficits of the United States with Japan will continue to grow as long as this progress remains at a leisurely pace. The trade bill is the starting block to insuring that it does not.

LIMITATIONS OF MULTILATERAL AGREEMENTS

But how do we open up the Japanese economy to American products through a trade negotiation on a multilateral basis? And what are we in turn likely to have to give up in our own tariff and nontariff barriers to achieve such a result? The Japanese have been liberalizing their import structure for years without any improvement in the United States overall competitive position. Obviously, in such negotiations, the Japanese are going to ask for a reduction in U.S. tariffs and nontariffs against them. I imagine textiles and steel will be on that list.

If the Japanese trading system were like ours, I would not fear reciprocal reductions in tariffs and nontariff barriers. But it is not, and even if the Japanese eliminated all other tariffs, I do not think it would have a significant impact on the volume of U.S. exports going to Japan. And here another unique Japanese factor must be taken into account.

The Japanese distribution system is such that an American Pinto which lands in Japan costing about $3,000, ends up at the dealer with a $5,000 sticker on it. The problem is not the tariff at all; the problem is the mysterious distribution system in Japan, which marks up imported products by over 100 percent.

This example stresses the problem of dealing with factors other than tariffs—the so-called nontariff barriers. It shows that these negotiations will have to break new ground if progress is to be achieved. We will simply have to get into such previously unexplored territory as foreign business practices and limitations on foreign investments and operations. This is why the President needs the authority which would be provided under the trade bill.

UNITED STATES-EUROPEAN COMMUNITY

Now, let us look at the European Common Market. In 1972, the United States ran a trade deficit with the European community of $600 million on an f.o.b. basis, and at least twice that on a c.i.f. basis. Last year, we edged into a surplus of $900 million on an f.o.b. basis. But we had a deficit of military expenditures in Europe of $2.2 billion in 1973, and these expenditures are rising, not declining.

So the problem is not resolved. In spite of some of the concessions the Europeans have given us, their import barriers and export subsidies are still causing numerous difficulties. And it is not only their bilateral balance with us that contributes to our problem—their third-country transactions must be counted in, too. In a real sense, the Europeans and Japanese are both reaping the commercial fruits of our generosity in foreign aid and security payments, while complaining to us about our deficits.

COMMON MARKET TRADING PRACTICES

But let us examine the trading practices of the European community, and how sincere they are in trade negotiations—on anything but their terms.

The community has proliferated its discriminatory preference system to many countries. One might suggest the way to eliminate their discrimination is to end all tariffs—if you do not have any tariff, you cannot have a discriminatory one.

But there is some evidence from the European community that they are interested in negotiating on the tariff issue. They and many other nations are waiting on us for the GATT negotiations. We will not be there until the trade bill is passed.

AGRICULTURE—A KEY QUESTION

Agriculture is, of course, vitally important to the United States, both in terms of the food and fiber it supplies for our domestic economy and as a major contribution to our exports. It is, after all, one of the few areas in which we enjoy a real competitive advantage, and we must harness it to the greatest possible extent.

Farm products have been responsible for the extent of the turnaround we have enjoyed in our trade position this year. But a great potential remains to be tapped. That is why, in approaching negotiations with Europe, our negotiators have put at the top of their list the community's common agriculture policy.

This does not mean "trading off" our dairy industry or some other sector for a special advantage. On the contrary, our dairy industry is one of the most efficient in the world. All they are asking for is fair competition. And that does not mean

competition against subsidized dairy products.

But, at the same time, we must recognize the domestic problems of the European and Japanese governments. They have their farm constituents just as we do. But the facts of life dictate that we cannot afford to give their industries better access to our markets without receiving better access for our agricultural exports to their market.

I believe the President defined the issue as clearly as words can put it when he said in his international economic report last year:

> Indeed, if there is no commitment to meaningful and realistic negotiations in the agricultural sector, it would be difficult for the United States to proceed with multilateral trade negotiaions in other sectors.

Our grain trade offers a vast potential in Europe, Japan and all over the world, as we have seen in the past 2 years. Before we can exploit our production efficiency and quality, we must be able to trade on equal terms. That is what the trade bill is all about.

DIFFICULT NEGOTIATIONS

At this time, I believe the only legitimate conclusion we can draw is that very difficult negotiations with our European and Japanese friends lie in store.

We simply must receive equal treatment in their markets. Indeed, given the military burdens which the United States carries and which cost us billions of dollars a year to protect our European and Japanese friends and ourselves, I believe we should receive more than reciprocal treatment in their markets.

The markets of many other nations offer us opportunities, just as our markets offer them in a reciprocal manner. They are waiting on us at GATT, while we have yet to pass the trade bill.

I would hope, on behalf of the State of Kansas and every other State in the Nation, that we can begin to make some progress on this measure. Without it, we will continue to see the instability in the world economy we have seen in recent years. The trade bill could have an impact on every man, woman and child in this Nation and I believe we should give its passage the highest priority.

Mr. GOLDWATER. Mr. President, I would like to add my voice to those of my colleagues who are suggesting today that the Senate should resume its legislative activities on the President's trade agreements legislation. I am not committing myself to accept each and every provision of this complex legislation, but I do share with the administration its goal of achieving freer trade between and among this country and the other trading nations of the world.

For at least 3 years now, I have been warning of the disturbing nature of trade conflicts which were putting the entire international system of multilateral trading relationships in jeopardy. In particular, I was disturbed at violations of our existing trade agreements which were injuring American exports.

As one who backs a policy of freer trade accompanied by the expansion of American exports, I felt and still feel it is incumbent upon our Government to assure American business that both sides of the trade avenues will be kept open. If an American industry is willing to accept the challenge of free competition within its own market, than it should be allowed to compete on equal terms with other producers in foreign markets. There must be a fair and equal application of the international rules we have or the whole system will collapse in a self-perpetuating series of conflicts and reprisals.

Recently our Government made great progress toward demonstrating that there is a developing international climate of mutual trust and good faith in the field of trade. I am referring to the concessions granted to U.S. negotiators by the European Community which resolved longstanding U.S. claims for tariff compensation as a result of the enlargement of the Common Market. I was particularly impressed that U.S. negotiators achieved a major trade victory on behalf of U.S. fresh citrus exports.

Mr. President, I believe the solid results achieved recently by American negotiators are adequate proof that this Nation is warranted in going forward with major new international talks with the aim of reaching a mutually beneficial worldwide trade structure. In order to provide the Executive with the authorities needed to conclude such trade expansion agreements with foreign nations, it is necessary for the Congress to act upon new legislation in this field. Accordingly, I believe the Senate as an entity should have an opportunity to consider this major legislation before the end of this year.

U.S. GOVERNMENT PRINTING OFFICE: 1974

Int'l Rel

JUL 8 1974

Great Decisions Begin at Grass Roots

By Edna McGaffey

"They questioned us like we were experts," says Mrs. John (Vivian) Yatteau of her appearance at hearings of the U.S. House, Senate and State Department committees.

As the San Antonio area coordinator for the Great Decisions program, she attended the first National Conference on Great Decisions in U.S. Foreign Policy held in Washington, D.C.

Some 50 community leaders representing 30 states and the District of Columbia were invited by the Foreign Policy Association (FPA). Mrs. Yatteau was one of three from Texas and received a grant from the association to cover her expenses.

The conferees presented to the decision-makers of the federal government the views of about 50,000 adults who participate in the Great Decisions program.

Feedback

"It came in loud and clear, especially from the State Department, that they wanted a feedback from the grass roots," says Mrs. Yatteau.

The FPA is a national, nonpartisan, educational organization that conducts the nationwide Great Decisions program. For the past four years, this program has been sponsored locally by The League of Women Voters.

For the Great Decision program, FPA selects eight foreign policy topics and prepares a study booklet each year.

Using this material and related programs carried by radio and television stations, community discussion groups meet informally once a week for eight weeks usually in February and March.

Study

In the study booklet are a set of opinion ballots that are filled out after the discussion sessions, tabulated, and sent to the U.S. Congress and the State Department.

The aim is to provide an appropriate forum from which the opinion of the concerned, ordinary citizen can be heard.

Since views have more impact when presented in person, the FPA took a select group of informed citizens to Washington, D.C., for the 20th anniversary of Great Decisions.

Conferees spent the first day discussing the issues among themselves and selecting spokesmen.

The next two days, the group appeared before the House Committee on Foreign Affairs, representatives of the State Department and the Senate Foreign Relations Committee.

MRS. JOHN YATTEAU

Unanimity

"The unanimity of opinion on the issues from throughout the United States was amzing," says Mrs. Yatteau.

At the State Department hearings, Mrs. Yatteau presented the statement on "The Energy Crisis." Among other things, she said:

"In many sections of the country, the recent shortage of gasoline and diesel fuel had a more startling impact upon the every day lives of people than has any event or set of circumstances since World War II.

"Neither Korea nor Vietnam necessitated adjustments to lifestyles as great as those required by the empty gasoline pumps."

In a statement on "Soviet-American Detente" presented to the House Committee, the conferees said: "The great majority (up to 75 per cent in some groups) approves the administration's policies of seeking detente with the Soviet Union and wish to see these policies continued."

Discussion

This year, Great Decisions discussion groups were held in San Antonio by the Civil Air Patrol at Randolph AFB, the Unitarian Church and the League of Women Voters. The study-guide is available at all nine branches of the San Antonio Library system.

Plans this fall are to incorporate Great Decisions into the continuing education programs at Incarnate Word, Our Lady of the Lake, YWCA, University of Texas at San Antonio and San Antonio College.

Mrs. Yatteau's long-range goal is to get all interested organizations together and form a local World Affairs Council.

"It is important," she says "for business and educational leaders as well as the ordinary citizen to know why Washington does what it does.

"San Antonio is not in the middle of nowhere. It is the center of an international trade area. How are we going to deal with this if we don't know anything about foreign policy?"

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

Intl Rel

JUL 8 1974

memorandum

The League of Women Voters of the United States

July 1, 1974

TO: State League Presidents

FROM: Ruth C. Clusen, President; Ruth J. Hinerfeld, International Relations Chairman; and Ruth L. Sims, Action Chairman

RE: Building Support for the Trade Bill

The Trade Reform Act (HR 10710) is stalled in the Senate Finance Committee which has still not set a timetable for completing its markup of the bill. All Leagues were urged in the trade "Action Alert" (Report from the Hill, 93-II-3) to use this time to gather support for the bill in their communities and to lay the groundwork for winning the support of their Senators.

In Washington, the League has worked in a coalition on trade matters with the Emergency Committee for American Trade (ECAT), an organization representing over 60 multinational corporations. At a recent meeting, communications executives of ECAT companies proposed a plan to encourage their companies to work with Leagues at the state and local level. We welcomed this proposal as a means of building support for the trade bill and also for attracting potential allies on other issues.

We have supplied ECAT with a list of state League presidents, so you may be contacted by some of the companies listed below. If you are contacted, we hope you will use the opportunity to explore ways of maximizing our efforts in the trade fight. If you know of local Leagues in your state which have one of these companies in their community, you may let them know of this memorandum.

ECAT Companies

Allis-Chalmers
American Metal Climax, Inc.
AMF Incorporated
Bank of America, N.T. & S.A.
The Bendix Corporation
The Boeing Company
Borg-Warner Corporation
Bristol-Myers Company
Burroughs Corporation
Campbell Soup Company
Cargill, Inc.
Carrier Corporation
Caterpillar Tractor Co.
The Chase Manhattan Bank, N.A.
Chrysler Corporation
Clark Equipment Company
Continental Can Company, Inc.
CPC International Inc.
Cummins Engine Company, Inc.
Dart Industries, Inc.
Deere & Company
Deltec International Ltd.
Eastman Kodak Company
Exxon Corporation
The Firestone Tire & Rubber Co.
First National City Bank
Ford Motor Company
General Motors Corporation

The B. F. Goodrich Company
W.R. Grace & Co.
H.J. Heinz Company
Hewlett-Packard Company
Honeywell Inc.
IBM World Trade Corporation
International Harvester Company
International Paper Company
Johnson & Johnson
Kimberly-Clark Corporation
Kraftco Corporation
Lever Brothers Company
Litton Industries, Inc.
Marcona Corporation
Douglas Development Company
McGraw-Hill, Inc.
Nabisco, Inc.
Otis Elevator Company
PepsiCo, Inc.
Pfizer, Inc.
The Quaker Oats Company
RCA Corporation
Scott Paper Company
The Singer Company
Sperry Rand Corporation
Squibb Corporation
Texas Instruments
3M Company
Time Incorporated
TRW, Inc.
United Aircraft Corporation
Westinghouse Electric Corporation
F. W. Woolworth Co.
Xerox Corporation
Zapata Corporation

file - Intl. Relations

LEAGUE OF WOMEN VOTERS OF DALLAS
Unit Meeting Plan for May 8/9, 1974

MAY 1 1974

INTERNATIONAL RELATIONS
(A Simulation Game)

PURPOSE: To stimulate thinking about the role of social and economic development and trade in maintaining political stability and peace among the nations of the world.

LWV AREAS OF STUDY AND CONSENSUS: International trade, development aid, U.S. relations with China (P.R.), the United Nations. See LWVUS: Study and Action 1972-74, pp.18-24, 36-41. National Voter, June/July, 1973 (IR consensus, pp. 20-22).

READING SUGGESTIONS: F&I, The Trouble With Trade, 1973.
Tackling the Trouble With Trade, LWVEF, 1973.
Politics of Trade, LWVUS, 1971.
Background summaries on Japan and Venezuela (from LWV-Dallas).
UN agency publications (provided).
News article reprints (provided).

THE GAME: Unit members divide into two groups: half Venezuelans, half Japanese. Background information on the two countries should be given out at the April 24/25 unit meetings, if possible, also the booklets on population and economic development from World Bank, UNA-USA, etc.
At the May 8/9 unit meetings, members will be delegates from their two countries to the Special United Nations General Assembly session now meeting in New York. The idea is to discuss problems of trade, aid and other international concerns affecting both the "have" and "Have-not" nations.

Resource Persons should also choose a country. R.P.s should keep in mind that U.S. relations in trade and aid are basic to the discussion. The IR committee selected these countries because of their close ties to the U.S. R.P.s should therefore be alert to interject, where logical in the discussion, "What would that do to (country's) relations with the U.S.?" or a similar question.

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INTRODUCTION

Time: 5 min.

U.L.: In 1972 the League national convention decided to "SUPPORT policies to promote international cooperation and world peace: ACTION to promote international TRADE and DEVELOPMENT efforts, to further normalization of relations with the People's Republic of CHINA and to strengthen the peacekeeping and peacebuilding functions of the UNITED NATIONS systems.

Leagues also recognized that new trade issues were developing which merited reexamination of our League trade positions.

U.L.(cont'd): Most of you participated in that study a year ago. The result was an expansion of LWV positions on liberal trade policies, reform of the international monetary system, the negotiation of international standards and agreements to regulate overseas corporate investment policies and practices, some change in U.S. tax laws affecting multinational corporations, and a broadening of the scope of trade adjustment assistance to workers and firms injured by import competition.

The League had anticipated action by the Congress on a new Trade Reform Act during the 1973 session -- but here it is late Spring 1974 and a March 5 LWV Report from the Hill states,"..we detect a general undercurrent of uncertainty about the wisdom of pressing forward with trade negotiations until the world economic situation stabilizes. A policy of drift seems to have its proponents in diverse quarters."

Today we will try to look at the international picture from a different perspective -- through the eyes of two independent nations which have very close ties to the United States. Half of us will be Venezuelans, the other half, Japanese. We are at the United Nations in New York where we are attending the first all-world conference on ways, means, and possibilities of reorganizing the future relationship of the industrial countries with the raw-material producing countries, of the "haves" with the "have-nots."

"The inspiration was provided by the fourfold rise in the price of oil following the latest Middle East war and the ensuing embargo of Arab oil to the United States. The producers of other raw materials saw, marveled, and wondered whether they might get aboard the same gravy train. An Algerian newspaper, Al Moujahid, asked: "How would it be if the oil embargo were supplemented by one on copper, aluminum, and even cocoa?"*

Algeria was a leader in organizing the UN conference, with much support from other African and Asian exporters of raw materials. The U.S. and the USSR, who export both raw materials and finished products, agreed unenthusiastically. At this time the terms of trade definitely favor the raw materials producers. But should minerals be our chief concern? What about food? --- and people?

Make believe that you are in the Delegates' Lounge at the U.N., very much concerned about the problems for which the General Assembly was called into session. U.S. Secretary of State Kissinger has just addressed the General Assembly, presenting six broad proposals.

R.P.: Secretary Kissinger proposed an expanding energy supply at equitable prices. Right now the fundamental problem is the price of oil. Before October 1973 it was $2 a barrel; now it is at least four times that. This is having a drastic (or tremendous, depending on your country) effect on our economy.

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*Christian Science Monitor, April 12, 1974, "'Raw Material" Nations -- More Embargoes?" by Joseph C. Harsch.

Suggested Topics for Discussion: Time: 1½ hrs.

Oil prices: Effect on Japanese economy
Impact on Venezuela's and the world's fertilizer needs
Impact on world's search for alternate energy sources.

More embargoes?: Changing attitudes toward trade in other raw materials.

World's food resources: Venezuela's Orinoco Basin project
Brazil's Amazon project
Japanese know-how in agriculture
Effects of rising prices on all poor people
India's food and fertilizer import problems
Changing nature of food consumption
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Disparity of income levels: Distribution of wealth in Venezuela - living conditions of the population
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Efforts to improve conditions through governmental action, bilateral aid, U.N. agencies
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Investment abroad: Japanese investment expansion
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Relations with Communist countries, including the PRC:
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CONCLUSION Time: 5 min.

U.L.: (Summarize any conclusions reached by the members. Comment on any wide differences of opinion.)
In conclusion, the LWV National Board Report for March 1974 had this to say: "Recent world events have dramatically revealed the reality of world interdependence, presenting an acute challenge to League support of liberal trade, development and more effective operation of the United Nations system. The energy crisis has skewed trade patterns, set back economic and social growth in developing countries and resurfaced nationalistic attitudes. The trends of isolationism and distrust of government, which are growing in the face of need for action and leadership, must be considered in developing effective action on IR positions.

"Action on trade stays a high priority. The Senate battle promises to be tough. At State and local levels, the Leagues will continue

MAY 1 1974

INTERNATIONAL RELATIONS--VENEZUELA

VENEZUELA:*
Area: 352,150 square miles.
Population: 10.5 million (projected).
Capital City: Caracas (Pop. 2.6 million, projected).
Climate: Tropical in the coastal lowlands, increasingly temperate at higher elevations in the interior. Heaviest rainfall is from June to December.
Neighboring Countries: Guyana (East); Brazil (Southeast and South); Colombia (Southwest and West); Trinidad and Tobago are islands lying a short distance from the northeast coast.
Official Language: Spanish.
Other Principal Tongue: English.
Ethnic Background: Mulatto-mestizo (mixed European, African Negro and Indian ancestry) 83%, European 10%, African Negro 5%, Indian 2%.
Principal Religion: Roman Catholic.
Chief Commercial Products: Petroleum products, iron ore, and canned fish.
Currency: Bolivar (B 4.5=$1.00 U.S.)
Former Colonial Status: Spanish Colony (1498-1811).
Independence Date: July 5, 1811. Venezuela seceded from Gran Colombia, also known as New Granada on September 22, 1830.
Chief of State: Dr. Rafael Caldera, President.
National Flag; yellow, blue and red horizontal stripes with seven yellow stars in a semi-circle on the red stripe.

Venezuela has four distinct geographic regions: the Venezuelan Highlands to the west and along the coast; the Maracaibo Lowlands around freshwater Lake Maracaibo; the Llanos or plains of the Orinoco River; and the Guiana Highlands. The Venezuelan Highlands are an extension of the eastern mountains of Colombia, and is Venezuela's most densely populated region, with Caracas, Maracay, and Valencia located in the fertile inter-mountain basins. The northern slope of the Highlands is relatively arid, but the basins receive adequate rainfall, and, because of elevation, are temperate and suited to agriculture.
The Maracaibo Lowlands, encircled by mountains, are windless and one of the hottest regions in South America, famous for the great lake (120 miles long and 60 miles wide), under whose waters are some of the most extensive oil deposits of the world. Rainfall in this region is heavy along the slopes of the Highlands, gradually diminishing toward the coast.
The Llanos of the Orinoco are the great treeless plains of the Orinoco River valley, which run east and west between the Venezuelan Highlands and the Guiana Highlands. Extending some 600 miles in length and 200 miles across, these plains are low and wet; intersected with slow moving streams; this region has been plagued with periodic floods and drought, but the poor soil has supported cattle raising. Presently the government is undertaking flood control and irrigation projects to make this land available for agriculture and to support the development of new breeds of cattle.
The Guiana Highlands, south of the Orinoco, comprise more than half of Venezuela's territory. Rising in steep cliffs from the Llanos, this area is a flat tableland which extends to the Brazilian border. Heavily forested in part, it contains vast deposits of iron ore and bauxite. Gold and diamonds also exist in this region, which has been explored only superficially.

History: At the time of the Spanish conquest Venezuela was inhabited by peaceful tribes of Carib and Arawak Indians. They offered no effective resistance to the Spaniards, who first landed in the Gulf of Paria and discovered pearls. Under

Spanish direction, Indian divers soon stripped the beds of the Gulf. The first settlement was established at Cumaná in 1520, with additional settlements at Coro 1520, Barquismeto (1551), Valencia (1555), and Caracas (1567).

Indians were used to pan the rivers for gold, but the results were disappointing and the settlers turned to agriculture. The wealth found in Peru and Mexico caused the Spanish government to lose interest in Venezuela, and options to explore its potential were leased to Dutch and German adventurers. The Spanish settlers gradually consolidated their small holdings, but it was nearly a century later before a serious attempt was made to explore the interior. The enslaved Indian laborers perished on the coastal plantations and Negroes from Africa were imported to work the sugar and indigo crops. The neglected planters, with little merchandise to ship to the Spanish markets and forbidden to trade with the growing American markets, revolted against the Spanish authority in 1796.

Two additonal abortive attempts to set up an independent government were made in 1806 and 1811. Venezuela's national hero, Simon Bolívar, took up the struggle after the 1811 failure and fought a limited but deceptive guerrilla war against local armies in the pay of Spain until his capture of Angostura in 1817. Here he was joined by British veterans of the Peninsular War in Spain and by cattlemen from the Llanos with whom he made a dramatic march on Bogotá. The Spanish were finally expelled from northern Latin America in 1819, and the country achieved full independence, becoming a part of the Republic of Gran Colombia, led by President Simon Bolívar and Vice President Francisco de Paula Santander, and including present-day Colombia and Ecuador. Dissension, and the subsequent illness of Bolivar led to the dissolution of Gran Colombia-Venezuela withdrew from the Republic in 1830.

The country's first president was José Antonio Páez. Páez dominated Venezuelan politics from 1830 to 1846. He later returned as a dictator from 1861 to 1863. A capable and popular leader, Páez was effective in restoring order to war-torn Venezuela and in the establishment of governmental services and control. He was followed in 1846 by fifteen years of repressive dictatorship under the Monagas brothers, who forced Páez into exile.

Returning to the Llanos in 1861, Páez raised another force of cattlemen to regain liberty in Venezuela. He ruled for two years, but less tolerant of his opposition than he was during his first tenure, and was ousted in 1863. Intermittent civil war wracked the country from 1863 to 1870, and young liberals fought the conservatives.

From the chaos of civil war, Antonio Guzmán Blanco emerged as the strong man; serving as president, or through puppets, he ruled for eighteen years. Well-educated, arrogant and completely unscrupulous, he enforced honesty among his ministers while converting part of the national treasury to his own use. Under his regime trade was increased, coffee growing was started and many public works instituted, making Caracas one of the more modern cities of South America. A careless despot who left his office in the hands of a puppet once too often, his government was overthrown in 1888.

The period from 1888 to 1899 was another era of disorder and short-term presidents. The next of Venezuela's dictators was Cipriano Castro (1899-1908). An illiterate soldier of fortune who had been exiled to Colombia, leading a private army Castro captured Caracas and the presidency in 1899. His nine-year rule was the most repressive in Venezuela's troubled history. His high-handed dealing with European powers resulted in a blockade of the Venezuelan coast by British, German, and Italian naval units. After intervention by President Theodore Roosevelt, the matter was settled by arbitration. In 1908, Castro, in ill health, turned the government over to Juan Vicente Gómez, who ruled until 1935.

Gómez gave Venezuela its most able and its most savage administration. Oil had been discovered and Gómez arranged lucrative contracts with American, British, and Dutch interests for its extraction and processing. Simultaneously he fostered agriculture and public works, established sound foreign relations, and paid off the national debt. He also mechanized the Army to support his regime and built a personal fortune. By comparison with his predecessors, Gómez left Venezuela in a

prosperous condition when he died in 1935, but totally bereft of qualified leaders to administer the wealth which he had accumulated, or to control the Army which he had developed.

From 1935 to 1948 a series of moderate but ineffective presidents occupied the presidential palace. During this period opposition political parties were permitted to organize, the largest being the Acción Democrática (Democratic Action), a popular leftist party which had attempted to consolidate urban and rural labor into a mass organization. Fearful of a rigged election in 1945, the party revolted and named Romulo Betancourt as provisional president.

Venezuelans were delighted with a democratic government--action was taken to recover some of the wealth from Gomez's estate and from others who had benefited from his regime. In the first free and honest elections in its history, Romulo Gallego, a popular poet and hero, was chosen as president in 1947. Moving too fast to accomplish his goals, Gallegos frightened the Army, which feared loss of its power and position in the government, and was ousted by a military coup within three months of his inauguration. The Army, declaring that it would save the country from communism, exiled Gallegos and Betancourt, and established another dictatorship under General Marcos Pérez Jiménez.

The new regime was as brutal as any Venezuela had ever known. Pedro Estrada, chief of a police force with a cruel efficiency that paralleled that of Trujillo in the Dominican Republic, murdered, jailed, and exiled all opposition. With reckless abandon, Perez Jimenez spent the income from oil in public works in the city of Caracas and on poorly planned industrial ventures, with a handsome cut to friends and to the Army. By 1957, the Venezuelans had enough of Pérez Jiménez and resistance increased to the point that even the pampered Army refused to oppose the popular will; he fled in January 1958 and a combined military and civilian committee took over the government.

Restoring order and holding free elections, the second experiment in democratic government brought Romulo Betancourt out of exile to head a popular government. The target of opposition at home and abroad, Betancourt accomplished the near miracle of completing his term in office and the lawful transfer of power to an elected successor, Raúl Leoni, who took office in 1964. As a result of Leoni's capability it appeared that Venezuela had broken with its troubled past and was embarking upon a stable governmental system.

Rafael Caldera, leader of the Christian Democratic Party, waged a vigorous and successful campaign for the presidency in 1968. The Senate and Chamber of Deputies were split between the Democratic Action Party, the Christian Democratic Party and the People's Electoral Movement and several smaller parties. Various informal coalitions have been used to decide different issues in the National Assembly.

President Caldera's administration continued the social and economic reforms of the Leoni and Betancourt governments during his first year in office, and conditions have remained relatively stable during the past four years. Because of their terrorist activities, guerrilla groups lost most popular support in the nation and have been effectively neutralized by the armed forces.

Venezuelan oil production declined in 1972, largely due to increased domestic taxes and greater competition from Middle East producers. At present production rates, the nation's known oil reserves will be depleted in just 13 years. Realizing that the day is rapidly approaching when her oil wells will run dry, Venezuela has sought to strengthen economic ties with her neighbors. In February 1973, Venezuela joined the Andean Pact, whose other members include Colombia, Ecuador, Bolivia, Peru, and Chile. The combined market zone has an annual gross national product of $32 billion and a population of 72 million.

In other foreign relations, Venezuela avoided offending any Latin American power bloc--last year it was host to presidents of the right-wing Brazilian regime and the leftist Chilean government. Venezuela has also sought to develop its image as a

Caribbean nation and improve her relations with Cuba. Having pressed for Cuba's ouster from the Organization of American States in 1962 (following Cuban assistance to Venezuelan guerrillas), Venezuela now hopes that the OAS will ease its economic and political boycott of that nation. In recent months Venezuela has softened its public criticism of Castro--and the Cuban leader has responded in kind. An anti-hijacking treaty was signed between the two nations in 1973. In May, when four Venezuelan terrorists hijacked an airliner to Cuba, Cuba prevented them from destroying the plane, which was later returned to Venezuela.

In December 1973 Venezuelans will elect a new president. Although polls show that former strongman Pérez Jiménez remains highly popular with a large segment of the population, the government has barred his participation in the election. The appeal of Perezjimenísmo can be traced to the widespread poverty in the nation, despite the relatively high annual per capita income of $1,200. Most of that money comes from oil, which tends to get soaked up by the 3 per cent of the population which controls 30 per cent of the wealth. Fully a third of the people live in poverty. Unemployment is high and squalid slums ring the major cities, within view of the gleaming new skyscrapers built with oil money.

As in previous elections, the major issue remains the foreign-owned oil concessions, which are due to begin expiring in 1983. As a first step before possible nationalization of the oil firms even before the expiration date, the government took control of all foreign-owned gas stations in the country in May 1973. Both the ruling Christian Socialist (COPEI) and the Acción Democrática parties hope that such action will divert attention away from a scandal involving kickbacks from the government purchase of voting machines which was traced to both parties.

Culture: The Venezuelans have racially intermarried throughout their history--today they are a unified mestizo-mulatto combination of European, Indian and African Negro ancestry for the most part. Ethnic and national differences have been buried by years of common hardship, and a national identity has emerged among the people. In recent years, an influx of European and United States technicians has been a factor helping to modernize the society of Venezuela, which today compares most closely with that of modern Europe and the United States.

The dominant influences have been those brought in by the Spanish conquerors of the nation--Iberian, European and Christian, which shows most clearly in the traditional forms in arts and letters.

Although Caracas is architecturally one of the most modern and energetic cities of the world, life still reflects the rather gracious, leisurely Spanish tradition. Education, removed from Church authority in 1856, has developed at a rather slow pace due to lack of national organization. The Central University of Caracas, the country's largest center of higher education, is augmented by five other universities, three in Caracas and two in the states of Merida and Carabobo.

Economy: While agriculture is important, and considerable capital is now being invested in its expansion, Venezuela's economy is now based on petroleum. The government has been re-investing the earnings from oil in broad and diverse programs to develop industry and farming. Social welfare programs are also being financed, and rural education is quickly being expanded to discourage the migration from rural areas to the cities. Under a new law, Venezuela will gain complete control over all oil concessions--with no compensation--in 1983-84. Meanwhile, foreign investors will be required to continue development of their facilities. In terms of future markets, Venezuela hopes to sell natural gas to the U.S. by the mid-1970's.

Thanks to Venezuela's large foreign reserves and stable exchange rate, the bolívar remains one of the world's hard currencies. Venezuelan membership in the Andean Pact should provide future growth potential for the economy. Membership calls for eventual elimination of foreign investments and distribution of industries

among all six member nations.

Venezuela is actively developing her Guyana region. A new iron and steel plant is being constructed with Italian capital, while the Japanese are building a new aluminum plant. The United States has suggested a unique government-to-government loan to help Venezuela find and develop new oil deposits.

The Future: Venezuela has only 13 years to find a new source of income to replace the rapidly diminishing oil reserves that have kept the economy afloat since the 1930s.

*Latin America, 1973, John D. Cozean; Stryker-Post Publications, Inc.

INTERNATIONAL RELATIONS--JAPAN

JAPAN*
Area: 142,726 square miles.
Population: 103 million (estimated).
Capital City: Tokyo (Pop. 11.5 million, estimated).
Climate: Subtropically warm in the extreme South, becoming temperate in the North. The high elevations have much lower temperatures than the coastal areas. There is a rainy monsoon from June to October.
Neighboring Countries: The islands of Japan are closest to Russia (North); Korea (West); and Communist China (Southwest).
Official Language: Japanese.
Ethnic Background: Overwhelmingly Japanese, with mixed Mongol-Turkic-Caucasian origins which emerged in the pre-Christian era. There is a very small community of Ainus on Hokkaido Island who are a primitive people of Caucasian ancestry.
Principal Religions: Shinto, the official religion, is largely extinct; Buddhism is widespread and split into many old and new sects; Christianity.
Chief Commercial Products: Products of heavy industry, including ships and autos, products of lighter industry, including electronic appl'ances and cameras and a wide range of other items, textiles and yarns, iron and steel, fish.
Currency: Yen (Y 355.4=$1.00 U.S.).
Chief of State: Emperor Hirohito.
Head of Government: Prime Minister Kakuei Tanaka.
National Flag: White, with a red disc representing the rising sun in the center.

The island nation of Japan consists of four larger bodies of land, Hokkaido, Honshu, and Kyushu and the smaller Ryukyu Islands south of Kyushu. The southern half of Sakhalin and the Kurile Islands to the north, which Japan possessed at the height of its World War II power, were ceded to the Soviet Union at the close of World War II.

Geographically, Japan is part of an immense hump of the earth's surface which extends from Siberia on the Asian continent through Korea and Japan southward, risin above water again in the areas of Taiwan (Formosa) and the Philippines and extending further south into the eastern portions of Indonesia and Australia. As is true in other portions of this ridge, the land of Japan is unstable and subject to frequent and sometimes violent earthquakes.

Thermal pressures from deep in the earth escape periodically through the many volcanoes which are interspersed among the mountains. Mt. Fuji, its lofty crater surrounded by a mantle of snow during the entire year, visible from the streets of Tokyo on a clear day, and one of the most beautiful sights in Asia, has not been active since 1719. All of the mountainous areas, volcanic and non-volcanic, are scenic--the taller peaks on Honshu have justly earned the name "Japanese Alps."

The mountains leave little level space; only about 15% of the total land area is level, and much of the only large plain is occupied by the huge and busy capital of Tokyo. As a result, farms are located in the hilly areas of the islands and are made level by the labor of the farmers, who have constructed elaborate terraces over long periods of time in order to win more land for their intense cultivation. Japanese farming is actually better called gardening, since the small units of land, an average of $2\frac{1}{2}$ to 5 acres per farm, are tilled with such energy that none of the soil or available growing season is wasted. This tremendous agricultural effort produces almost enough to feed the people, who live densely packed at the almost unheard of rate of more than 5,000 per square mile in the inhabitable portion of the islands.

The climate of the islands is totally dominated by the seasonal winds, or monsoons. Cold winds blowing from the Asian continent invade the land beginning in September each year. All of Hokkaido and a substantial part of Honshu lie buried in snow from December to March. In the spring, the winds shift, blowing from the warm equatorial South Pacific; the growing season of Honshu and Hokkaido then commence. The subtropical island of Kyushu remains warm all year around, permitting two or three harvests of paddy rice each year. Only one crop of dry, or field rice, grows in the much shorter summer of Hokkaido. In the last half of August and in September, the southern monsoon brings typhoons, laden with rainfall, and often destruction from the Pacific to the shores of Japan.

Rainfall and weather are also affected by the oceanic water currents which envelope the islands. The warm southern Juro Siwo dominates the summer months; the arctic Oya Siwo descends as far south as Tokyo in the winter. Both currents bring a huge number of fish to the off-shore areas on the Pacific side, and an even larger number to the Sea of Japan. Depending almost wholly for animal protein upon this bounty from the sea, the Japanese raise only an insignificant number of livestock on the islands.

History: The earliest known inhabitants of the Japanese islands were the Ainu, a primitive people of white Caucasian ancestry who probably had come to Japan earlier than the people we call Japanese.

Driven steadily northward by the Japanese in the period shortly before the beginning of the Christian era, they exist today in a small community of unusual people on the island of Hokkaido. The men have much more body and facial hair than the Japanese; the women have the curious custom of tattooing a moustache on their upper lip, and dress in a manner similar to the men.

The Japanese came primarily from the mainland of northeast Asia, by way of Korea, and are of the same ancestry as the Koreans. They were mainly of Mongolian stock whose ancestors had lived a nomadic existence on the continent of Central and Northeast Asia. This ethnic group became the predominant one but there were also other elements from the South China coast and the Southwest Pacific. Japanese architecture adapted because of the threat of earthquakes into a flimsy style of wood and paper inadequate to withstand the colder months of the winter, is similar to that of the southwest Pacific.

All the various elements gradually blended into a people possessing almost identical physical characteristics, considering the tremendous size of the present population. In the first centuries A.D. the Japanese lived mainly around the Inland Sea, a body of water almost completely enclosed by the four larger islands. They were essentially primitive, organized in many warring clans, and had no writing system with which to express their language that is derived from mainland Asiatic dialects originally spoken in what is now Manchuria, Mongolia and Siberian Russia. The Yamato clan emerged as the strongest and most respected group; its leaders became known as emporers when Japan emerged as a more civilized state under Chinese influence.

This process began in the 5th century A.D., probably as a result of visits by Chinese merchants to Japan. The Japanese were greatly impressed by the tales told of Chinese military power, wealth, prestige and culture, especially during the T'ang period (618-907), and quickly set about importing a number of the elements of the more highly organized culture of China. One of the most important of these was Chinese character writing which the Japanese adapted to their own tongue. The intricate symbols, which represented words to the Chinese, were modified by the addition of specia symbols representing the actual sounds of syllables, and also to indicate the endings

of words, or inflections, in order to convey different meanings. In contrast, the Chinese character writing has never expressed the sound of the spoken Chinese language.

In an attempt to imitate the T'ang dynasty of China, the Japanese imperial court built a capital at Nara, near the waters of the Inland Sea on the island of Honshu. The creation of a central government was not possible, however, because many clans, especially those in central and northern Japan, were strong and independent and still preoccupied with battling the Ainu people and each other. These clans did not attempt to overthrow the imperial court, however. They contented themselves with largely ignoring it on the scattered occasions when they received directives from the Nara capital.

Kyoto became the imperial capital in the late 8th century after Nara was abandoned, and became the home of a brilliant culture. Ancient legends were altered and more were created to prove the divinity and supremacy of the imperial clan and represented as truth. An arbitrary date in the 7th century B.C. was selected as the time that the sun goddess gave the blessing of creation to Japan and established the reign of her descendants on the islands. The arts flourished, particularly a highly distinctive and fine literature in the form of novels produced by ladies of the imperial court in the modified writing system adapted from the Chinese characters.

Although the more martial, semi-independent clans outside the capital admired and imitated the cultural achievements of Kyoto, they were primarily interested in their military power. In 1160 one of the two most powerful military clans, the Taira, defeated the other, the Minamoto, and then seized control of Kyoto, but without remaining in power. Shortly afterward, the Taira were in turn defeated by the Minamoto, whose leader Yoritomo was appointed as the first Shogun, or Generalissimo, of Japan by the emperor and founded the Kamakura Shogunate (1185-1333).

The imperial family was not disturbed by the powerful Shoguns; its male members often married women from other clans during this period, notably the Fujiwara clan, which usually dominated the imperial court. The Shogunate quickly became the real government, rendering the emperors revered, but powerless figureheads. The Kamakura Shogunate was faced with the external threat of the powerful empire established by the Mongol emperor Khubilai Khan in China in the late 13th century. Two attempted Mongol invasions were defeated by a combination of Japanese military resistance and violent typhoons. The failure of these invasions added substance to the growing belief of the Japanese that they possessed a unique and superior character and were under divine protection.

The Ashikaga Shogunate overthrew the Kamakura in a civil war early in the 14th century and remained supreme until the middle 16th century. It was noted principally for its patronage of the arts. The Zen school of Buddhism, stressing mysticism and contemplation, became very popular with the aristocracy and with the samurai or warrior class. Fighting was truly a profession among the samurai--they developed a crude military science, which gave the art of fighting a formality which was almost beyond belief, as well as being fanatical and conservative.

The Ashikaga were politically weak, and during the last years of their nominal rule Japan disintegrated into a state of feudal warfare resembling that of the dark ages of Europe. Commercial interests continued, however, to promote trade and build roads. Warfare was gradually brought under control in the late 16th century by two persons--Oda Nobunaga and his brilliant general, Toyotomi Hideyoshi, who succeeded Nobunaga as dictator (Kampaku) when his overlord was killed by a dissident general in 1582.

In the middle of the 16th century Portuguese ships and Jesuit missionaries began to arrive in Japan, which had not previously been touched by Western discovery and exploration. The Jesuits, led by Francis Xavier, who was later to be elevated to the status of sainthood, made a large number of converts, particularly in Kyushu and its largest city of Nagasaki. Their position was enhanced by the conversion of a leading feudal lord of the island, Otomo Yoshishige, to the faith of the missionaries, which led many vassals and followers into the arms of the Church. Firearms and other Western methods of violence were introduced and eagerly received by the Japanese.

Spanish Franciscans who arrived in 1593, began a period of even greater efforts toward conversion of the Japanese and also confused the non-Christian rulers of the islands by periodic bickering with the Jesuits. In the last years of his rule, Hideyoshi became convinced that Christianity was nothing but a veil concealing a future European invasion, and he embarked on a course of persecution of priests and their converts who then numbered about 250,000.

The anti-Christian, anti-European sentiments of Hideyoshi were continued and expanded by the founder of the Tokugawa Shogunate, who as a vassal of Hideyoshi had established himself at Edo, now known as Tokyo. This level area underwent a period of phenomenal growth in the first half of the 17th century as the seat of the Shogunal government from which a brutal persecution of Christianity was directed in the years 1615 through 1640. In addition, the anti-Western sentiment of the ruling Shogunate led to the closing of all ports in the empire to foreign ships, with the exception of ten Chinese and one Dutch ship each year, which landed at Nagasaki.

The Tokugawa governed Japan with a heavy hand. In order to control the other clans they used a number of devices, including the taking of hostages from the families of the clan heads. Their control was weakest in the Southwest, where a number of clans were accustomed to contacts with the outside world and impatient with the official "Exclusion Policy," as it has since come to be known.

Beginning in the 17th century, the clans--each ruled by a powerful lord, or daimyo, built ornate castles, around which towns arose. In this way, Japan acquired the most important single base for modernization, a multitude of moderate sized towns, as distinguished from cities which were primarily political centers. Agriculture prospered, sporadically interrupted by revolts of the peasants who lived in abject poverty Trade flourished, the population increased, and a merchant class emerged which quickly acquired a great deal of influence over the daimyo and the military samurai by making loans to them. There was much intellectual activity which was conservative, to the extent that it advocated that the imperial clan, which had survived over the centuries, should be restored to full power and replace the usurping shogunate. Conservative political thought included a study of Japan's Shinto religious heritage.

Sporadic Western attempts to "open" Japan to foreign trade were largely unsuccessful until the 1850's. Just as the mystery of Japan, and the lure of commerce, prompted Russian, British and U.S. attempts to penetrate the islands, many educated Japanese were interested in the Western nations and their scientific achievements--their appetite was whetted to a keen edge by the limited trade and cultural contacts with the Dutch.

The confusion among the Japanese when Commodore Perry of the United States sailed his fleet into Tokyo Bay in 1853-1854 is hard to describe. The interest in Western trade and ideas was keen among some of the samurai, particularly in the southern region, and for this reason they opposed the Tokugawa. The element among the clans which was anti foreign was also against the shogunate, and saw the threat of the foreigners as an opportunity to urge that the Tokugawa accomplish an impossible task--the exclusion of the Americans and other intruders. The weakened regime, in a desperate move, asked

the advice of the other clans. Commodore Perry of the U.S. was able to get the treaty desired by the U.S., and other powers soon had their agreements. All of these were patterned after the "unequal treaties" that were being imposed on the waning Manchu dynasty in China during the same period. The opponents of the Tokugawa, especially the powerful clans of the Southwest, accused the government of weakness and continued a fanatic anti-foreign campaign. Western naval bombardments at Kagoshima in 1863 and Shimonoseki in 1864 convinced them of the folly of their demands, and they did an about-face, becoming eager advocates of learning as much as possible from the West--in order to be better equipped to resist its influence and power.

The Tokugawa fell in 1867, and with their collapse the system of shogunate government ended after about 700 years. The powerful clans, principally those of the Southwest "restored" the emperor and moved the imperial capital to Tokyo, the city of the Tokugawas. The emperor actually reigned, but did not rule--he was the institution used by a few dozen young samurai who were determined that Japan would be modernized. Mutsuhito, the dynamic young emperor around whom this government centered, received foreign representatives at his imperial court at the beginning of the Meiji period. (The reigns of the Japanese emperors are not described by their own names. A "period name" is used instead; thus, Yoshihito ruled during the Taisho period from 1913-1926, and Japan is now in the Showa period of Emperor Hirohito.)

By the end of the Meiji period, commonly known in the West as the Meiji Restoration (1868-1912), Japan had largely achieved its goal of modernization--a feat not duplicated by any other non-Western nation in the world in such a brief period, or indeed at all up to the present. The leadership set up a strong central government and governed in an almost dictatorial style that nevertheless made some concessions to the beginning of democratic institutions which were permitted. Economically, a small group of zaibatsu arose which dominated the beginnings of industry in Japan in a manner reminiscent of Carnegie, Harriman, and Morgan in the U.S., but there was abundant room for small business. This balance between central control and local initiative, coupled with the urban character of Japan, its fairly low rate of population growth, and the fact that the people demanded so very little in personal comforts, permitted a rate of modernization which no other nation of the world has experienced.

The new leaders wiped out the old clan system of authority and at the same time modernized land tenure. The landowning peasants were rather heavily taxed, however, yielding greater funds for modernization. Modern communications were established and new machinery was imported to manufacture textiles and other goods. A modern education system, geared to the production of literate and obedient subjects of the Emperor was created.

An effective army and navy and a modern legal system also emerged within a short time, permitting the Japanese to repudiate the "unequal treaties," but the leadership avoided foreign military adventures at first. It tolerated but largely disregarded the political parties which emerged in the early 1880's and created a Diet, or parliament, under a constitution of 1889 that proclaimed the emperor as a virtual god, behind whom the governing oligarchy continued to rule. The period of adopting foreign institutions and techniques diminished and practically ended by 1890, when an intense nationalist, anti-foreign reaction set in, with an emphasis on ancient Japanese institutions and customs, and their legendary superiority. The emperor became the object of still greater glorification, even though he possessed little more than nominal power.

Increasing agitation by the political parties against the government and the growth of military stength and prowess led Japan to pick a fight in 1894 with the decaying

Manchu empire of China. The Japanese army and navy seized control of Taiwan (Formosa) and conquered Korea, which was annexed in 1910.

The Japanese did not conquer territory from the Chinese alone--the Russians were competing in the same period for influence in Northeast Asia; they had had a "sphere of influence" in Manchuria since 1898. The Japanese launched a victorious land and sea campaign against the Russians in 1904 and thereby established themselves as a leading power in Asia, and in fact one of the world powers.

Japan did not lose the opportunity offered by the vulnerability of Germany during World War I. It quickly declared war on Germany in order to seize German holdings which had recently been established in Shantung Province in China, as well as several small island groups in the Pacific. At the same time, it shipped considerable quantities of munitions to the allied powers of Europe and to Russia, its former enemy. But at the end of the war, and after the Red revolution in Russia, Japan sent a large military force to occupy eastern Siberia, to see if the region could be added to the growing Japanese empire. Internal and external pressures forced the Japanese from Siberia and also from Shantung in 1922, and Japan agreed to limit the size of its navy by treaty at the same time. The post-World War I period in Japan was one of transition. The voting lists were enlarged to include a greater number of the male population, and political parties became more influential than before. But the speed of modernization in Japan left some unsolved problems and created many others. The rural population remained isolated from urban progress, although paying for it by increased taxes, rents and difficult conditions in the countryside in the 1920's, all of which created much discontent. The cause of the peasants was championed by ambitious army officers, partly in sincerity but principally for political reasons. The officers, who were largely of rural origin, found allies among some civilian conservatives. They adopted the position that rural poverty had two basic causes: poor government by the political parties, and economic combinations of interest in monopolistic patterns. They criticized the political parties, who were more influential during the 1920's than at any prevoous time. The Zaibatsu, as the economic empires were called, also came under fire for their devotion to the goal of high profits. The military and civilian conservatives also blamed injurious and "insulting" tariffs and discriminatory trade policies of some foreign nations for the adverse conditions of the peasants.

This line of thought had a broad base of appeal, and the rightists strengthened their position by taking forceful action in the form of assassinations and coups. The extreme right wing did not succeed in seizing power, but it was able to force the more moderate right in the government and in the army to take control after 1936 and to adopt a somewhat more extremist outlook. All political parties were abolished in 1940.

Japan took advantage of the conflict between the nationalist forces of Chiang Kai-shel and the communist revolutionaries led by Mao Tse-tung in China. Increasing pressures, both diplomatic and military, were brought to bear in order to give Japan great influence in , if not direct control over China. The Japanese army seized Manchuria in 1931-1932 soon after the local authorities had threatened Japan's interests, thereby accepting the authority of Chiang Kai-shek's government. Renaming the area Manchukuo, the Japanese military set up Henry Pu Yi, who had abdicated as Manchu Emperor of China in 1912, as a puppet emperor. Frequent military clashes with China led to an invasion of eastern China and atrocities committed by the invading soldiers by Japan in 1937. Merciless bombing of the mainland cities alienated the Chinese completely and enabled both Chiang and Mao to rally support for their separate

struggles against the Japanese; an uneasy truce emerged between the two Chinese leaders because of the Japanese threat, but this truce was little more than an agreement not to fight each other.

These Japanese efforts at expansion led to increasing criticism and pressure from the outside world, including the United States. In an effort to limit the capability of the Japanese war machine, the U.S. gradually cut down shipments of oil and scrap metal.

The reduced shipment of strategic materials caused Japan to look for sources elsewhere, particularly to iron in the Philippines and oil in Indonesia. The German victories which took place in Europe in 1940 provided an example of the rewards of aggression. Fortunately for the rest of the world, cooperation between Nazi Germany and Japan was always very unsteady even though they and Italy formed an alliance in 1940. All three, but most of all the European "Axis" powers, had the habit of making bargains with other nations without consulting or informing their allies.

In late 1941 Japan decided to force the issue with the United States, and demanded resumption of oil and scrap steel shipments. Washington refused, and in addition encouraged the Dutch in Indonesia to withhold their oil unless the Japanese agreed to a political settlement in Asia, which would have involved an end to aggression and a withdrawal from China. Believing that the U.S. would oppose any Japanese seizure of the resources of Southeast Asia, the Japanese decided to knock out the U.S. Pacific Fleet stationed at Pearl Harbor in Hawaii. The American Ambassador cabled from Tokyo on November 17, 1941, that it was possible that the Japanese might make a sudden sneak attack, and on December 7 Japanese airplanes almost wiped out the U.S. battleship fleet in Pearl Harbor in a few short hours.

The Japanese army and navy quickly overran Southeast Asia, which was weakly defended; their military performed with maximum efficiency in their effort. Initially their superior might in the Pacific was close enough to cause the fear of an imminent naval-air attack on California. The Japanese army met its greatest resistance in the Philippines, where the people cooperated with the U.S. defense force led by General Douglas MacArthur, but ultimately the islands fell. Apart from unwise attempts to gain even further territories from Australia, India and in the Central Pacific, the Japanese military settled down to occupy and exploit their newly won empire. The only land resistance during this period was sporadic and weak, from Chiang Kai-shek's forces, which were contained in southwest China, and from scattered communists in the western mountains of China under the command of Mao Tse-tung.

By their brutality the military rulers quickly alienated leaders of the local people who were not already anti-Japanese. Even when they proclaimed supposedly independent governments in Burma and in the Philippines in 1943, they failed to arouse any real enthusiasm, even among local nationalists. Their actual reason for these moves was that Burma and the Philippines were the two areas of their empire most exposed to Allied military pressures. In the later years of the war, active resistance to the Japanese formed in most Southeast Asian lands they had conquered, and much of it had a distinct communist element.

As the war economy of the United States came into production, the Japanese suffered increasing defeats in naval and air battles with the U.S. starting in mid-1942. Australia initially served as the main base for the Allied campaigns; it and New Zealand also contributed fighting units to the war. Island after island fell to American Marines and Allied Army units. U.S. aircraft and warships, principally

submarines, increasingly cut the Japanese islands off from their Southeast Asia and the Southwest Pacific conquests by sinking tremendous amounts of Japanese shipping and by defeating the Japanese navy.

By 1944 General Tojo, who had led Japan to war with the U.S., was deposed as premier and disappeared from the circle of military officers who came into control. Important persons in the imperial court and the government saw that the war was lost and believed that peace should be negotiated as soon as possible in order to save the Emperor and avoid a communist revolution. The military insisted on continuing the losing battle; the Emperor might have overruled them but chose to remain silent.

On August 6, 1945, the sky above Hiroshima was lit by the fiery destructiveness of the first atomic bomb used in the history of the world. The Japanese were already hard pressed by the Allied troops, who were being reinforced by soldiers that arrived in the area after the fall of Germany earlier in the year. On August 8, the Soviet Union declared war on Japan. It had agreed to do this the preceding February in exchange for postwar control of Outer Mongolia, which had been a nominal Chinese territory prior to the war, and also for Sakhalin Island and the Kurile Islands in Northern Japan, as well as important railway and port rights in Manchuria. A second atomic bomb was dropped on Nagasaki on August 9; the next day the war and peace factions submitted the choice of war or surrender to the Emperor.

The Emperor, in an act of great moral courage, chose surrender--the final terms of capitulation were agreed to by August 14, 1945 and the formal treaty was signed aboard the U.S.S. Missouri in Tokyo Bay on September 2, 1945. The islands had been terribly battered and exhausted by the war. National morale was almost completely crushed; individual army leaders and highgovernment officials chose harakiri, a formal suicide which eliminated the necessity of facing their conquerors or the people they had led.

The occupation was an almost exclusively American affair, with General MacArthur functioning as the chief representative of American authority. The basic aim of the occupation was to alter Japan's political outlook and government structure so that it would never again commit aggression. The armed forces were completely disbanded, thousands of individuals suspected of furthering Japan's war efforts were removed from public office, and a few remaining top officials were tried by an international tribunal and executed. The zaibatsu financial empires were split up into smaller units, and Japan was forced to pay reparations to countries it had attacked. Land reforms were adopted making it possible for the tenant farmers to own the land they had tilled, and all restrictions on political and union activity were removed.

The general attitude during the first three years of the occupation was that Japan should be punished and isolated. The advance of communism in China and the pressures of the cold war in Europe and elsewhere during 1948-1949 made Japan undergo a subtle transformation in American eyes from a defeated enemy to a prospective political partner in the anti-communist struggle as well as an economic base for Far East recovery. Steps were immediately taken to promote economic recovery and to revive foreign trade. Japan earned a great deal of money by serving as a United States and UN base during the Korean War, from 1950 to 1953.

In 1951 Japan signed a peace treaty with the United States and some other Western and Asian nations, but the communist bloc refrained from concluding formal peace agreements with it. Under the U.S. treaty Japan regained its independence but lost all of its empire outside the home islands; further reparations were left to be determined between Japan and each individual country concerned. Japan then signed a security

treaty under which the U.S. was allowed to maintain military bases in Japan and to administer Okinawa in the Ryukyu Islands, where it had established its largest military base in the Western Pacific. This treaty was renewed in 1960 but was modified at that time by the inclusion of certain concessions to Japan.

A new constitution introduced in 1947 provided for a constitutional monarchy-parliamentary form of government resembling that of Great Britain. It also provided that Japan forever relinquish the right to maintain an army or navy, but this prohibition has been evaded to some extent by the creation of a small military establishment known as the Self-Defense Forces. The divine right of the Emperor, derived from the Shinto legends of ancient Japan was also repudiated.

Considering Japan's turbulent political history before 1945, its government has been surprisingly stable and democratic since that time. The cabinets and Prime Ministers who have exercised executive powers since World War II have in general been popular and responsive to the wishes of the people, and have exhibited an ability to follow economic policies that have contributed greatly to the tremendous growth in income. All the prime ministers have faced the threat of demonstrations and riots inspired by the leftist groups which frequently occur, often caused by minor incidents. The rather high-handed Premier Kishi Nobusuke (1957-1960) severely antagonized the left when he pushed through a revised security treaty with the United States, provoking widespread rioting and civil strife.

A strong left wing movement has persisted, composed of a small, but very active Communist Party; a larger Social Democratic Party, which is divided into extreme left and moderate right wing elements; large labor unions which are politically active, and a high proportion of Japanese intellectuals. This movement regularly wins about one-third of the votes in elections but has not been in power, except in 1947. The rest of the adult population, including women, tend to vote for the conservative Liberal Democratic Party which has, in one form or another, been in power since 1946 except for a few months in 1947. There are a few newer parties such as the Komeito Party (Clean Government Party), which is sponsored by a revivalist Buddhist sect calling itself Soka Gakkai. The university students in the larger cities are prone to disorder, a tendency which has its origins partly in the leftist intellectuals of the faculties.

Japan has had some difficulties in overcoming the ill-will left behind in Asia by its wartime conquests, but progress has been made in this direction, particularly in 1967 when Prime Minister Sato visited most of the non-communist capitals of the area. Payment of reparations has been of assistance in this effort, in addition to economic aid given by Japan to the poorer countries.

Premier Sato secured a pledge from President Nixon in 1969 that civil administration of Okinawa is to be turned over to Japan in 1972. A formal treaty tentatively stating this was drafted in final form in June 1971. The U.S. will retain some of its military installations needed to support its defensive commitments to South Korea and Nationalist China. This gain helped Sato win a triumph in December 1969 elections.

Early in 1970 the government announced that it would rely less on the United States for military security, although the basic security treaty with the U.S. was renewed. Relying more on its own efforts, Japan plans an expansion of its Self-Defense Forces in the next five years, but this does not represent any basic change in foreign policy.

Student radicalism has declined considerably in recent years and other domestic concerns have come to the fore. There is widespread concern and demands for action over pollution and urban slums that have accompanied Japan's astonishing industrial growth, which shows no sign of slowing down. There is serious concern over sentiment within the U.S. to restrict textile imports from Japan, which are usually cheaper than those made within the U.S.

Two events stood out in 1970. One was the successful Expo 70 at Osaka. The other was the dramatic and widely publicized suicide of a flamboyant, extreme right wing writer, Yukio Mishima. His act was probably intended to jolt the public out of its preoccupation with wealth and possessions into a greater sympathy for Japan's traditional militaristically oriented values.

In the summer of 1971, Japanese-U.S. relations were seriously strained by unexpected American moves in the direction of closer relations with the People's Republic of China and by a number of economic and currency problems.

Okinawa was returned to Japanese jurisdiction on May 15, 1972, shortly before Prime Minister Eisaku Sato was to leave office in favor of a successor. On July 5, 1972, Kakuei Tanaka, a farmer's son and popular politician whose formal education ended with the 10th grade, was elected president of the ruling Liberal Democratic Party, thus assuring him the Prime Ministership of Japan. In September, Tanaka paid a successful visit to Peking and established diplomatic relations with the People's Republic of China.

In elections for the lower house of the Diet, or Parliament, held in December 1972, the ruling Liberal Democratic Party slipped slightly from 288 to 284 seats. The Socialist Party won 118 seats (up from 87), the Communist Party, 39 (up from 14), the Komeito Party, 29 (down from 47), the Democratic Socialist Party, 20 (down from 29), and independents, 1.

Culture: Before the arrival of Chinese influence, Japanese culture was rather simple and primitive and was centered around the Shinto beliefs in spirits existing everywhere in nature. Under Buddhist influence, Shinto acquired a monastic organization, and in the late 19th century it was made the official state religion and became the basis for the divine power of the emperor, a descendant of its sun goddess. Buddhism, however, was not eliminated--the Japanese believed in and practiced both, interwoven with Confucianism and some Christian beliefs. Today it is acceptable for a Japanese to marry in a Shinto Temple, to venerate his dead ancestors at the Buddhist Temple and at the same time to celebrate the Christian holidays, even if in reality he has little faith in any religion.

The revival of Shinto by the state did not prevent the heavy influence of Western cultural patterns in Japan after the middle of the 19th century--science and technology were and are eagerly studied and adopted, with adaptations, into the Japanese pattern. The Japanese are not the mere imitators they are often believed to be; in recent years they have been making major and remarkable technological advances and scientific discoveries. The old cultural patterns are not dead in the rural areas, but they have not posed any major resistance to modernization.

The increasingly urban life of the Japanese is a distinctive one. The business sections of the city are usually constructed of reinforced concrete, but the outlying buildings are simple, but attractive, wood and paper structures. The people who

work in the central city during the day go to the suburbs in the evening--thus, the morning and evening commuting hours are as frantic as those in the cities of the U.S. Television and radio are widely enjoyed, particularly as a result of the ability of Japanese industry to provide electronic appliances and instruments at low prices while maintaining good quality. All of the fine arts are widely found in the cities, particularly in Tokyo. Traditional European and Western musical works and ballet are heavily attended, as are cultural expressions which are distinctly Japanese such as the Kabuki dancers, who perform in a highly refined style esteemed throughout the world.

Japanese art techniques were quite advanced before World War II. In the postwar period there has been a tendency to depart from the traditional representation of landscapes and historical events in detailed canvases into somewhat more modernistic modes of expression. Many universities and colleges provide higher learning for the inquisitive Japanese students. In most of them English is widely taught and spoken. They do not represent any specific level of education; their degrees have many different meanings in terms of achievement. Many universities are dominated by the extreme leftist student organization known as Zengakuren.

Economy: After the start given by the Korean War, the Japanese showed once more their almost unequalled talents for hard work and economic organization. The rural areas became considerably more productive and prosperous than they had been prior to 1945; the government assisted in this achievement to prevent the rural population from turning to communism as had happened in China. The zaibatsu financial clans which had controlled much of the economy in an interlocking pattern were partially decentralized; although they have resumed their prewar position of power, their stock is much more widely held and they are subject to government control. Trade, which rapidly recovered, is now at an unheard of level and is conducted principally with the U.S. and other developed countries. The development of technological advances and manufacturing skills has permitted the Japanese to produce and export high quality electric and electronic appliances, sewing machines, motorcylces and other consumer goods at an ever spiraling rate. The islands now produce more automobiles than either France, Germany or Italy.

The prosperous economy is now the envy of Asian nations. In 1970-1971 Japan's production rose to a level higher than that of the Soviet Union--the U.S. remains number one, Japan is second and the Soviet Union is number three in the world. Living standards in Japan are close to Western European levels. The problems now facing Japan are those of a developed country--urban blight and ghettos, shortages of skilled jobs for the graduates of its schools and a persistent inflation of currency.

The Future: Barring some general or Asian war, a collapse of foreign trade or a major earthquake such as the one that struck Tokyo in 1923, Japan will continue its orderly growth and prosperity. Further efforts will be made to broaden foreign trade which will include nations of the communist bloc in Europe and Communist China. As yet Japan has not decided on a major rearmament campaign, but this possibility cannot be ruled out.

*The Far East and Southwest Pacific, 1973, by Harold C. Hinton; Stryker-Post Publications, Inc.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

APR 15 1974

memorandum

The League of Women Voters of the United States

April 10, 1974

TO: State and local League Presidents

FROM: Lucy Wilson Benson, President; Ruth L. Sims, Action Chairman; Ruth J. Hinerfeld, International Relations Chairman

Re: Trade Legislation Action Alert

The Senate Committee on Finance has just completed hearings on the Trade Reform Act of 1973, HR 10710, which the House passed last December. The League supported this bill in the House and we will continue to work for its passage in the Senate. But our task will be formidable. The Finance Committee has not shown great interest in the bill -- hearings were scheduled grudgingly and attended sparsely. Other legislation --energy, pension reform, tax reform -- is vying with trade for the committee's attention and time is running out. With the possibility of a presidential impeachment hanging over the congressional calendar and elections ahead in the fall, the prognosis for the trade bill is grim. Congressional observers predict that unless the bill is passed before August, it may be lost entirely. That means the United States would not be able to enter into multilateral trade negotiations for another two years. The urgency of action now is obvious.

Coordinated local, state and national League action was a major factor in last year's trade victory in the House. Because you did the groundwork in your communities, the League's impact was felt at every stage of the House fight. We must do the same in the Senate.

This memo is to urge you to "THINK TRADE". It's still an action priority. Look for opportunities to promote the trade bill in your community, your relations with the press, your contacts with your Senators. For example, you can begin by using World Trade Week (week of May 19) to focus attention on the importance of trade. Enclosed is a copy of the League's testimony before the Finance Committee. Further information on the bill and suggestions for action will be in the next REPORT FROM THE HILL.

APR 15 1974

League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D. C. 20036

March 27, 1974

TESTIMONY BEFORE THE SENATE COMMITTEE ON FINANCE
ON THE TRADE REFORM ACT OF 1973

by
Lucy Wilson Benson, President

Mr. Chairman, members of the committee, I represent the League of Women Voters of the United States, a volunteer citizens' organization of 1,350 Leagues with approximately 150,000 members in the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. League members have recently reaffirmed their long-standing support for liberal trade policies after examining those policies in the context of current economic developments. I am pleased to have this opportunity to present the views of our members as they bear on major issues of trade policy now being considered by this committee.

There is a great deal of rhetoric these days about the dire problems we face and about the urgency of international cooperation. What appears in public statements, however, is not always translated into public policy. When the chips are down, many countries -- including the United States -- seem ready to turn inward and threaten to go it alone. The unilateral imposition of export controls last summer, the rise in protectionist sentiment, the refusal to contribute funds to a multilateral development association -- these are all bricks in the wall we are building around ourselves. We realize that other countries are taking similar action but other countries are not the world's leading power.

There is no doubt that the U.S. is better equipped to be self-reliant than other countries. But for how long and at what price? The alternative to international cooperation is a world of trade wars, economic blackmail, and frantic hoarding of resources. I am here today in support of a trade bill which will permit the U.S to negotiate with other countries, in a multilateral framework, for a more open and fairer system of international trade.

The League testified ten months ago in general support of the Trade Reform Act. We also commented on some aspects of the bill which were of concern to League members and recommended changes in several provisions. On the whole, we were satisfied that the bill, HR 10710, which emerged from the Ways and Means Committee and was passed by the House incorporated many of our recommendations. We think it is a sound bill, far from obsolete, and even more necessary today than it was in April 1973 when it was introduced.

I would now like to point out some of the positive features of this bill and also comment on selected provisions which are still in need of revision.

TRADE NEGOTIATING AUTHORITY

The League supports the systematic reduction of tariff and nontariff barriers through multilateral negotiations. The Trade Reform Act would authorize the President to enter into trade negotiations for a period of five years and, pursuant to trade agreements, to increase or decrease tariffs. This grant of authority is extensive, but not unlimited.

The League thought that the original Administration request in HR 6767 was excessive. But we disagree with those who, in response to Watergate, want to deny this Administration the necessarily broad authority which the Executive must have in trade matters. The bill passed by the House, HR 10710, recognizes the need for broad authority to ensure negotiating flexibility. At the same time, it carefully checks Presidential actions by setting limits on the power to raise or lower tariffs.

The bill provides that, in international trade agreements the President can reduce tariffs by (a) 60% for tariffs between 5% and 25%; (b) 75% for tariffs over 25%; and (c) eliminate tariffs of 5% or less. The President can increase tariffs to a level 50% above the rate existing on July 1, 1934 or 20% ad valorem above the existing rate, whichever is higher. In response to the criticism that the latter provision is still excessive, we want to point out that the increases could be made only pursuant to trade agreements and could not be used to raise tariffs across-the-board.

More important checks on Presidential actions are the procedures in HR 10710 for Congressional consultation, surveillance and veto. For example, Section 102(f) subjects nontariff barrier agreements to a 90-day Congressional veto. Section 123(d) requires the President to notify Congress when he suspends import barriers in order to restrain inflation. Chapter 5 contains procedures for Congressional resolutions to disapprove a trade agreement. And Chapter 6 provides for Congressional delegations to negotiations. Our support for these provisions is consistent with our efforts to strengthen the role of Congress vis-a-vis the executive.

CONSUMER INTERESTS

The League is convinced that the public interest is best served by a trade policy which promotes the freest possible exchange of goods and ideas across national borders. A liberal trade policy brings benefits to consumers by increasing their choice of products and prices. To the extent that they are cheaper they stimulate the economy by increasing the disposable income consumers have to spend on other products. Imports also supply products not produced in the United States and supplement materials in short supply. Finally, import competition serves as an incentive to efficiency and productivity in domestic industry. As Congressman Charles W. Whalen, Jr. noted in a speech last December, "Trade barriers diminish the welfare of all the people . . . . Trade barriers are an anachronism in this Age of the Common Man."

The League is pleased to see numberous provisions in HR 10710 relating to consumer interests. The most important of these provisions is, of course, Section 123 which authorizes the suspension of import barriers to restrain inflation. The League's interest in international trade grew out of a consumer study League members undertook in the 1920's. Their conclusion -- that import competition serves a valuable function in combatting inflation -- was a factor in moving the League to speak out for liberal trade policies ever since. Now, when the consumer is strapped with high prices and a shortage of many products and materials, Section 123 is an appropriate addition to Presidential authority.

Other provisions relating to consumer interest in Title I include:

Sec. 131(b)	Requires the Tariff Commission to advise the President as to the probable economic effect of modifications of duties on, <u>inter alia</u>, consumers.
Sec. 131(c)	Requires the Tariff Commission to include in its report to the President its advice on the probable economic effects of modifications of NTBs on <u>purchasers</u>.

Sec. 131(d)(4) Authorizes special studies to include descriptions of impacts of modifications of trade restrictions on consumers.

Sec. 135(b)(1) Establishes an Advisory Committee for Trade Negotiations which is to include individuals representing consumer interests.

Sec. 135(i) Requires the President to provide continuing opportunities tfor private organizations to give information and advice on trade negotiations.

Perhaps not all of these provisions will be taken equally seriously. There are indications that at least one of them -- Section 135(b)(1) -- may not be. Although there has already been extensive consultation with business on the proposed negotiations, there has been no attempt to seek information and advice from consumer interests or the general public. The vehicle for consumer consultation, the Advisory Committee for Trade Negotiations, is thus far, a purely cosmetic feature of the trade bill. Meanwhile, consumers -- the fictitious Jane and John Doe -- continue to be neglected. With few organizations to speak in their behalf, they are either stepped on or sidestepped. This is unfortunately the case in spite of the fact that the ultimate reason for trade, for all economic activity, is to bring benefits to people. We hope this committee will plead the case for the consumer and press the Administration to abandon the traditional policy of not-even-benign neglect.

In Title II, consumer interests are taken into account in two provisions:

Sec. 202(c)(4) Requires President, in determining whether to provide import relief, to take into account the effect of import relief on consumers.

Sec. 203(g) Requires President before providing import relief to notify persons potentially adversely affected and to hold public hearings.

In Title V, dealing with generalized tariff preferences, the President is given complete freedom to withdraw, suspend or limit the application of duty-free treatment with respect to any article or any country. To protect domestic producers and consumers, we recommend that a provision be included requiring the President to hold public hearings before he takes such action.

ADJUSTMENT POLICIES

Import Relief

We recognize that a trade policy which benefits most people may injure some. As a result of a recent trade study, the League modified its long-standing opposition to the use of trade restrictions to protect industries adversely affected by import competition. We accept the need for temporary relief but we want to emphasize that import relief should be granted only under exceptional conditions. While the criteria for import relief in current law may be too rigid, we fear that the criteria in the Trade Reform Act may be too loose.

Under current law, the criterion for determining injury is the so-called "Double major." To qualify for relief, an industry must show that the major cause of increased imports is past tariff concessions and that the major cause of injury is an increase in imports. The Trade Reform Act proposes to revise these criteria by dropping the link between increased imports and trade agreement concessions; and by requiring that increased imports be a substantial cause of injury, a less severe test.

We are aware of the pressures which led to the liberalization of the escape clause, but we feel that the language of HR 10710 has gone too far in accommodating these pressures. Import relief to any industry in the form of tariffs, quotas, tariff-rate quotas and orderly marketing agreements imposes a great burden on the consumer. The test for import relief should be drawn so that this burden is imposed only in cases of severe injury. We think that adequate access to import relief would be assured with the elimination of the causal link between increased imports and tariff concessions and do not think there is a need to go beyond that.

Adjustment Assistance

The most sensible and humane alternative to trade restrictions is a reasonable program of adjustment assistance for workers and firms. I know the word "reasonable" means different things to different people. The Administration's original proposal in HR 6767 was criticized for being inadequate by most groups testifying before the Ways and Means Committee. The program proposed in HR 10710 is considered unreasonable by the United Auto Workers -- a union which has not yet abandoned efforts to improve the program as an alternative to protectionism. More extensive programs are considered unreasonable by those who fear the high cost.

The League urges the Senate Finance Committee, as it examines various proposals which have been or will be made, to make generosity the central concept in its definition of what is reasonable -- not only because it is right, but because that is what will make the program work. We have been generous with cotton growers, sugar producers and oil companies in the hidden costs we have paid for trade restrictions. We can afford to be more generous with workers. The adjustment assistance program in HR 10710 is estimated to cost $350 million the first year -- a small sum compared to what consumers now pay for tariffs and other restrictions each year.

The League supported the adjustment assistance provisions in HR 10710 because they were an improvement over current law. But I think we can do even better. The eligibility requirement to make access to benefits easier was an important change. We would prefer higher weekly allowances than the percentage established in the Trade Reform Act, but are aware of the political obstacles in a budget-minded Congress. We do think, however, that the committee could make some changes in the program benefits.

The provisions for training are still inadequate. There is no reason why allowances should not be paid for the entire period of training instead of an arbitrary cut-off of 26 weeks after the 52 week time limit. Supplemental assistance is provided to defray transportation and subsistence costs when training is provided in facilities not within commuting distance. The amounts provided -- $5/day and 10¢/mile -- are identical to the amounts in the Trade Expansion Act enacted 12 years ago. In face of the rising cost of living and with gas costing more than 50¢ a gallon, surely this is an unreasonable proposal.

The relocation allowance is also inadequate. HR 10710 would grant 80% of the expenses of relocation plus a lump sum equivalent to three times the worker's average weekly wage up to a maximum of $500. In a mobile society such as ours, losing one's job and becoming uprooted is a painful process. We agree with the UAW that incentives for relocation must be increased and that providing reimbursement for "community prospecting" would contribute to the program's success.

The relocation allowance provisions also specify that such allowance shall not be granted to more than one member of the family. The explanation for this provision is not logic but sexist. If husband and wife are both working -- and two-thirds

of the women in the labor force work because they have to -- then both pay a price when one of them is forced to relocate. And if both become unemployed because of import competition, if both have to relocate, both should be compensated. There is no rationale here for talking about family units rather than individuals.

RELIEF FROM UNFAIR TRADE PRACTICES

Title III provides for several changes in statutes to give U.S. industry relief from unfair foreign trade practices. Mainly, these involve strengthening the President's authority to retaliate against unjustifiable and unreasonable foreign restraints on U.S. trade, imposing time limits on investigations under antidumping and countervailing duty laws, and clarifying the definitions of various terms and criteria in U.S. trade laws. In general, we support the notion of making our trade laws work more effectively and fairly and believe the changes recommended by the House are reasonable.

We are, however, concerned about an amendment to the countervailing duty law which would give the Secretary of the Treasury discretion to refrain from imposing countervailing duties for only one year from the date of enactment of the Trade Reform Act on imports subsidized by facilities owned or controlled by governments of developed countries. Limiting U.S. discretion to refrain from imposing countervailing duties unilaterally for only one year, while negotiations presumably were underway to work out an international agreement, is unwise and unnecessary. We recommend that the one-year provision be deleted and that the Secretary of the Treasury have the full four years in which to complete the negotiations.

The question in international trade no longer is whether it should be subsidized -- all countries do, including the United States -- but which subsidies should be permitted or prohibited under international rules. The League strongly supports the idea of negotiating an international code on subsidies that would define what should and should not be permissable. Otherwise we might find ourselves in a subsidy race that could touch off another trade war.

EAST-WEST TRADE

Title IV would make the extension of nondiscriminatory tariff treatment to nonmarket economy countries contingent on changes in their emigration policy. The proponents of this title tell us that it is a means to the realization of high humanitarian principles; the opponents tell us that it places world peace in jeopardy. We do not know if these provisions will accomplish all that the proponents would wish or have all the consequences the opponents fear. We do know that there has been little rational debate over this issue and that the fate of the trade bill hangs in the balance.

The League's position on this issue must be stated in two parts: 1) In accordance with our liberal trade position we have, since 1965, favored the expansion of East-West trade, including nondiscriminatory tariff treatment. 2) We have not abandoned this position, but neither have we been dogmatic in promoting it. In the House, we supported the trade bill as reported by House Ways and Means, including Title IV. Similarly, in the Senate, our focus will be on the entire trade bill and we would oppose a veto of the bill. We do, however, urge Congress and the Administration to continue the dialogue and to work toward a compromise which reflects the profound concerns of both sides.

SHORT SUPPLY PROBLEMS AND THE DEVELOPING COUNTRIES

In the past few months, we have all become aware of a new dimension of international trade policy -- the problem of supply shortages and the need to assure fair access to supplies of food and raw materials. The recent oil embargo demonstrated that every nation is a potential "have not" and that interdependence is, therefore, a fact of life.

It is clear that we need policies to deal with similar situations in the future. For one thing, we must learn to conserve and manage our domestic resources better. For another, we need to develop international rules to assure nondiscriminatory access to scarce raw materials. The trade bill should include provisions which address this problem in two ways: 1) by making supply access one of the major goals of trade negotiations; and 2) by directing the President to seek international agreement on new rules governing supply access.

More important than these specific proposals is the need to reevaluate our policies toward the less-developed countries (LDC's). The negotiation of international rules on supply access will be of limited value unless the producing countries, which are primarily LDC's, have a stake in playing by those rules. The United States can help give them that stake by using its trade and aid policies to bridge the gap between rich and poor nations.

As a step in that direction, we support the provisions of Title V which would give the President authority to extend duty-free treatment to imports from the less-developed countries. In an interdependent world, it is in our national interest to fulfill this international obligation.

Thank you for this opportunity to present our views. The League is prepared to work with you for enactment of this important legislation.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

APR 22 1974

LWV of Texas

memorandum

The League of Women Voters of the United States

DATE: April 17, 1974

TO: Mrs. Winick, President, LWV of Texas

FROM: Lesley C. Gerould, Staff Director, Legislative Action Department

SUBJECT: Congressional contact by National (Board member/Lobbying Corps member)

(A):

We would like you to notify the local League president(s) in your state's _____ Congressional district that Representative _____ of that district was contacted on _____ by _____ _____. The subject of the discussion was _____

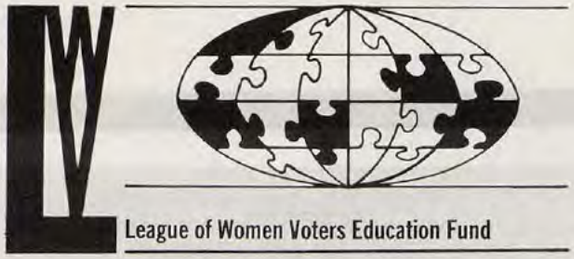
Additional remarks: _____

(B):

Your U.S. Senator~~s~~ Tower Bentsen ~~was~~ were interviewed on March 6, by Gwen Murphree - Natl. Bd. The subject of the discussion was Trade Reform Act of 1973 - HR 10710

Additional remarks: Tower - generally in favor
Bentsen - support

MAR 18 1974



INTERNATIONAL RELATIONS
W R A P - U P

January, 1974

DEVELOPMENT ASSISTANCE

Foreign Assistance Act of 1973

In December 1973, the President signed into law the Foreign Assistance Act of 1973, a bill which the New York Times called "the most promising innovation in foreign aid since President Truman enunciated "Point Four" for the world's needy in his 1948 inaugural." The new legislation seeks a restructuring of the entire U.S. bilateral development assistance program by redirecting aid funds from big industrial and capital development projects to the "poorest majority" in the developing countries. To do this, Congress authorized close to $1.5 billion for economic assistance to the developing nations in FY 1974 (including $500 million for postwar reconstruction in South Vietnam, Laos and Cambodia) and about $900 million for development aid in FY 1975. The legislation also authorizes $900 million for military assistance in FY 1974. Military assistance is administered separately from development aid but the two programs are considered in the same legislative package.

To accomplish the goal of changing the focus of the aid program, the legislation calls for an increase in the channeling of aid through private organizations, and more participation and cost-sharing by host countries. It directs that development assistance funds be used for five specific purposes: 1) Food production and nutrition; 2) Population planning and health; 3) Human resources development (including education); 4) Programs for selected development problems (like transportation, power, urban development); and 5) Programs for selected countries and organizations (like credit unions, voluntary associations, OAS).

The Administration had proposed major reforms in the foreign aid program in earlier years and actively supported the committee's reform proposals, but as originally submitted, this year's bill would have continued past patterns of foreign assistance. The House Foreign Affairs Committee, however, was disturbed by some aspects of the 25 year old foreign assistance program. While acknowledging that as a result of past programs, many developing countries had enjoyed rapid economic growth (in the past decade, manufacturing output has increased by 90% and food production by one-third), the committee was concerned that these gains had not been passed on fast enough to the lowest-income people living in the developing nations. Specifically, the committee report noted that population growth had overwhelmed economic gains and unemployment and underemployment rates were as high as 30%. Rudimentary health care remains unavailable to the vast majority of the world's peoples, per capita food production is only slightly higher now than it was a decade ago, and there are no schools or teachers for 300 million children. All of these facts moved the "Young Turks" on the committee to seek basic change in the planning and operation of the bilateral assistance program but did not engender support for significantly higher spending levels.

Despite the fact that the new legislation does not call for major increases in the funding level of foreign assistance, the bill came very close to defeat in both Houses of Congress, with some of the traditional supporters of foreign aid voting against the proposal out of disillusionment with the effectiveness of past programs. The final conference report passed the Senate by only 3 votes, with "liberals" like McGovern, Church and Cranston voting against, and "conservatives" like Hruska and Cotton voting for. There is little doubt that votes on both sides were influenced by the military aid authorization included in the bill.

The new law does not include authority for the Export Development Credit Fund, a program proposed by the House Foreign Affairs Committee to provide low-interest credits to poor countries for the purchase of development related goods and services. This provision was deleted by House floor action and by the Finance Committee in the Senate.

Also included in the legislation were amendments calling for the increased participation of women in the economies of the developing countries and prohibition on the use of aid funds to pay for abortions and police training overseas. Some other provisions:
- $25 million for relief of drought victims in the African Sahel.
- Hickenlooper amendment prohibiting aid to a country that expropriates American property without compensation is retained, but the President now has the right to waive it.
- U.S. should actively participate in efforts to alleviate world food shortages.

On January 3, 1974 the President signed the appropriations legislation funding the new law. The appropriations act provided less monies than authorized in the Foreign Assistance Act for Indochina reconstruction and for all of the new aid categories.

United Nations: The Foreign Assistance Act authorized a $127.8 million voluntary contribution to UN agencies (including $90 million for UNDP), and the appropriations legislation provided the necessary funding for FY 1974. New appropriations will be necessary for our voluntary contributions for FY 1975. U.S. assessed contributions for FY 1974 will be authorized and appropriated separately in the second session of Congress.

Development Banks: The U.S. is still behind in its promised contributions to the development banks, although the FY 1974 foreign assistance appropriations act provides $320 million to meet our ongoing commitments to the International Development Association (IDA), $418 million for the Inter-American Development Bank, and $25 million for the Asian Development Bank. These appropriations will go to meet pledges the U.S. has already made to the development institutions.

Authorization will be requested in the next session for a new $1.5 billion contribution to be made over a three-year period to IDA, (the part of the World Bank that gives loans and technical assistance to very poor countries at highly concessionary rates) and $412 million for the Asian Development Bank. This legislation is now being considered in the House Banking and Currency Committee and the Senate Committee on Foreign Relations.

A Guide for Future Reference

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UNITED NATIONS LEGISLATION: Assessed funds (think of these as dues) are the contributions we are obligated to make to support the operations of the UN. All member nations are assessed at a certain percent of the total UN operating budget. The U.S. assessment is now set at 25%.

Assessed funds are authorized and appropriated annually. Authorizations are in the State Department authorizing legislation and are referred to the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations. Appropriations are in the State Department Appropriations bill and are referred to the House and Senate Appropriations Committees.

Voluntary contributions (to UNDP, UNICEF, etc.) are usually authorized for two years in the same package as bilateral foreign aid programs, e.g., the Foreign Assistance Act of 1973. Appropriations are required annually. They follow the same legislative path as bilateral aid.

INTERNATIONAL BANK LEGISLATION: The United States participates in three international banks, the International Bank for Reconstruction and Development and its affiliate, the International Development Association, the Asian Development Bank, the Inter-American Development Bank. Authorization for contributions to these institutions is requested only every few years (for example, the upcoming IDA replenishment authorization would be good for 3 years) and is referred to the House Banking and Currency Committee's Subcommittee on International Finance and the Senate Foreign Relations Committee. Annual appropriations to meet the commitments are included in the regular foreign assistance legislation and are referred to the House and Senate Appropriations Committees.

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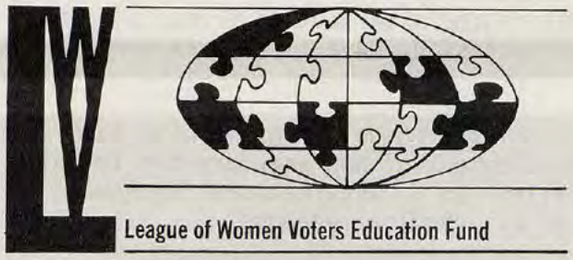

MAR 18 1974

INTERNATIONAL RELATIONS
W R A P - U P

February, 1974

HIGHLIGHTS OF THE 28TH GENERAL ASSEMBLY OF THE UNITED NATIONS

The 28th General Assembly of the United Nations opened on September 18, 1973 amidst high hopes and many words about detente and universality. The opening-day admission of the Bahamas, the German Democratic Republic and the Federal Republic of Germany increased UN membership to 135. Admission of the two Germanys was widely hailed as a historic step in moving the organization toward full universality. Secretary-General Kurt Waldheim called the entry of the Germanys a symbol of the new mood of detente that had brought so much hope to mankind.

In his first official statement as U.S. Secretary of State, Henry Kissinger addressed the General Assembly on September 24. He presaged a more effective role for the UN in preserving the peace saying, "We should delay no longer. The time has come to agree on peacekeeping guidelines so that this organization can act swiftly, confidently and effectively in future crises."

Less than two weeks later, the Middle East war erupted suddenly and the political and diplomatic developments that followed preoccupied UN diplomats and overshadowed the Assembly. While measures to end the conflict were handled by the 15-member Security Council, the Assembly did approve a $30 million budget for six months of operation of the UN Emergency Force now stationed between Egyptian and Israeli forces.

On December 18, after passing 150 resolutions and writing a new treaty aimed at protecting diplomats from attack, the 28th General Assembly agreed on a recess -- instead of the customary adjournment -- so that delegates could be summoned back quickly if Middle East developments warranted. Great Britain's Sir Donald Maitland found the thirteen week General Assembly's record 110-item agenda "rather dogeared", but U.S. Ambassador W. Tapley Bennett Jr. praised the work of the Assembly as "a real achievement." (U.S. Ambassador John Scali was hospitalized in November and Ambassador Bennett was Acting Permanent Representative until the adjournment of the General Assembly.)

Although Ambassador Bennett called the 28th General Assembly "a constructive force for international cooperation on the broadest scale," he rebuked the membership for not acting to curb terrorism. The United States had led an unsuccessful effort in the General Assembly on measures to combat terrorism last year. This year, western delegates acknowledged that political overtones of the problem precluded strong support for anti-terrorism action and did not press for discussion. Instead, they concentrated their efforts on securing agreement on a treaty to protect diplomats, reasoning that since public officials are a prime target of terrorists, the treaty is a first step toward combating terrorism. The treaty endorsed by the General Assembly provides for the prosecution or extradition of those who attack diplomats.

The Middle East situation, together with political wrangling about American troops in South Korea and an unsuccessful attempt by China to expel the Cambodian government from the UN took much of the delegates' time and interest.

An acrimonious Korean debate, the first on the subject in three years, was resolved by a compromise accord which called for negotiations between the two Koreas (not yet UN members) to achieve peace and national unity free from outside intervention.

On the Cambodian issue, a move to give the Lon Nol regime's UN seat to Prince Sihanouk was averted by Liberian Ambassador Nathan Barnes' successful move to adjourn that debate until 1974.

The General Assembly approved a dozen resolutions on disarmament, many echoing past Assembly calls to the nuclear powers to curb the development of new weaponry and to halt all nuclear tests. The General Assembly again called for an international agreement to ban the development, production and stockpiling of all chemical weapons.

The Assembly also adopted a Soviet proposal (first brought up in 1958 and twice before rejected) that the big powers slash their military budgets by 10 per cent and that one-tenth of this saving be apportioned as economic assistance to poorer countries. China called the proposal a "hoax", and abstentions by western nations make it virtually certain that nothing will come of the proposal.

As in the past, this session saw many resolutions concerning southern Africa. Some condemned South Africa's racial policies and called on the Security Council to impose punitive sanctions. Others denounced the British for not using force to bring down the white minority government of Rhodesia, which declared her independence from Britain in 1965, and criticized the United States for continuing to buy Rhodesian chrome in spite of an embargo on all trade with Rhodesia imposed by the Security Council in 1968.

In other significant actions the 28th General Assembly agreed to:

- Adopt a $540 million dollar budget for 1974-75, the first budget adopted for a two-year period. The new budget is 23% higher than current spending to take into account the devaluation of the dollar, other currency changes and world-wide inflation.
- Convene a World Food Conference in November 1974 in Rome. The conference, first proposed by U.S. Secretary of State Kissinger, will explore ways to maintain adequate food supplies in the face of rising world demand and to prevent hunger and malnutrition resulting from national disasters.
- Hold a special high-level conference in 1975 on world development and international economic cooperation. Some countries want this conference to undertake a sweeping review of currency questions, trade and aid, the relationships between prosperous and poor countries and a new strategy for using resources.
- Add Chinese and Arabic to the working languages of the General Assembly (now English, French, Russian and Spanish). The Arab States have agreed to pay the entire cost for the first three years Arabic is used.

And also during this session at the United Nations:

- The Group of Eminent Persons studying the impact of multinational corporations on development and on international relations held two sessions, one in New York and one in Geneva, to hear testimony from representatives of governments, multinational corporations, trade unions, interest groups and academics. The final report of the Group is expected to recognize the value of multinational companies, as well as the problems they can give rise to, and will contain proposals for possible action by governments and the international community.
- The Law of the Sea Conference convened in December for a two-week organizational session. The Conference, which will reconvene in Caracas, Venezuela in June 1974, will attempt to negotiate a comprehensive treaty dealing with such ocean problems as the limits of the territorial sea, the zones of national economic jurisdiction, the rights of passage through straits, fishing pollution, scientific research and an international regime to regulate mining on the deep ocean floor.
- Began plans and preparations for promoting equality throughout the world in International Women's Year, 1975.
- Held four population symposia in preparation for the World Population Conference to be held in Bucharest, Rumania in August 1974.
- Celebrated UN Day, designated World Development Information Day this year, with a one-day Development Forum attended by planning ministers from both developed and developing countries, UN officials, and members of the international press.

Reading Suggestion: The Imperative United Nations by Donald F. Keys. Single copies available free from The Stanley Foundation, Stanley Building, Muscatine, Iowa 52761.

Publication Number 464 15¢ a copy 20 copies/$1.00

League of Women Voters Education Fund

MAR 4 1974

INTERNATIONAL RELATIONS
W R A P - U P

January, 1974

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1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

League of Women Voters Education Fund

JAN 2 1974

THIS IS GOING ON DPM
December 14, 1973

TO: State and Local League Presidents (for International Relations Chairmen)

FROM: Ruth Hinerfeld, International Relations Chairman

Enclosed at long last is the report on the League of Women Voters Education Fund trade conference, "Tackling the Trouble with Trade: From Tashkent to Topeka to Tokyo". The report is our way of sharing with all Leagues the information and ideas exchanged at the conference. I hope that international relations committees will find it useful as a resource tool, and even more important, as a spur to planning more community education programs on trade. As you know, the trade debate is approaching its peak in Congress, and it is vital that all citizens, whatever their views, be informed of the issues and have a chance to participate in community discussions. The League can be the leader in providing the information and forums needed for community education. I hope this report is a help in your planning.

The Overseas Development Council (ODC) has generously provided copies of a very relevant publication, "U.S. Trade Goals and the Poor Countries", for enclosure in the presidents mailing and DPM. Also enclosed in the presidents mailing only are: UNA-USA Policy Panel Report, "Foreign Policy Decision-Making: The New Dimensions", a summary of the ODC publication, "Adjustment Assistance: American Jobs and Trade with the Developing Countries", and a listing of new ODC publications.

Happy Holidays!

Contributions to the Fund are deductible for income tax purposes

Trade Reform Bill Set For Action This Week

WASHINGTON (UPI) — The House this week starts consideration of a trade bill that at best could aid Jews who want to leave the Soviet Union, but at worst could sour the U. S. - Soviet detente.

After two months of delay caused by the White House, a landmark trade reform bill is scheduled for House action Monday and Tuesday. The bill gives the White House many trade negotiating powers, leaving Congress with the role of setting guidelines or vetoing presidential decisions.

Although the major thrust of the bill is to give President Nixon a stronger bargaining hand in upcoming trade negotiations with the Europeans and Japanese, its main purpose largely has been submerged in the debate over whether it should be tied to Soviet emigration policy.

Nixon, in a letter to Speaker Carl Albert last Monday, said he needs the new powers that the bill would give him, and asked that the House consider it promptly. Nixon said if the anti - Soviet sections are not dropped, the bill would be "unacceptable" — a clear indication he would veto it.

Two amendments will command attention, one already put in the bill by the Ways and Means Committee and the other likely to be added on the House floor.

The committee amendment would prevent Nixon from granting "most favored nation" trade status to Communist countries until he could certify that they did not unduly restrict the emigration of Jews and other minorities. Many congressmen were angered by restrictions the Soviets have placed on Jews who want to emigrate to Israel.

The Soviet Union does not now have "most favored nation" trade status — which amounts to a U. S. agreement not to charge a country higher tariffs than it does its "most favored" trading partner — so the amendment would not change the present situation. But it would be a diplomatic slap at the Soviets.

The other amendment — proposed in the House by Rep. Charles Vanik, D-Ohio, and in the Senate by Sen. Henry M. Jackson, D-Wzsh. — would halt U. S. loans and loan guarantees to any Communist country that did not allow free emigration.

Unlike most favored nation status, the Soviet economy depends heavily on credits for industrial expansion and U. S. experts estimate that if U. S. credits were cut off, the Soviets would have to scale back their current five years plan as well as the next five year plan.

Also under this amendment, American companies without U. S. credit would be unable to exploit huge Soviet natural gas fields in Siberia. Occidental Petroleum already is moving to develop these fields.

Almost everyone in Congress who is knowledgeable about the situation says it is a foregone conclusion that the House will approve this amendment.

Nixon and Secretary of State Henry A. Kissinger successfully delayed the bill during the Middle East crisis, saying the amendments would harm peace efforts.

Intl Relations

League of Women Voters of the San Antonio Area

1017 NORTH MAIN, SUITE 223 • SAN ANTONIO, TEXAS 78212 • 512-225-3612

December 20, 1973

TO: Local League Presidents
FROM: League of Women Voters of the San Antonio Area

During the past four years the League of Women Voters of the San Antonio Area has sponsored the Foreign Policy Association Study-Discussion Program "Great Decisions" throughout the San Antonio Area. The series stresses foreign policy issues facing the United States each year and has had widespread acceptance and success in the San Antonio community.

The San Antonio League is so enthusiastic about the program, we would like for you to know more about it. With this in mind, I am enclosing a brochure on "Great Decisions - '74" and some P-R material on our own past programs. Additional materials are available at the San Antonio League of Women Voters office.

If you do decide to sponsor the program in your community, you might wish to contact Mr. Norman Pilgrim, Western Regional Director of Foreign Policy Association in Boulder, Colorado. Address: 2141 - 14th Street, Boulder, Colorado, 80302. Tel. (303) 443-5512.

If I can be of any assistance in helping you develop the use of "Great Decisions" in your league, please do not hesitate to contact me: 7709 Broadway, San Antonio, Texas, 78209. Tel. (512) 828-1633.

Sincerely yours,

Vivian B. Yatteau

Vivian B. Yatteau
Coordinator, Great Decisions
San Antonio Area

VBY/os
Encl.

GREAT DECISIONS - '72

"GREAT DECISIONS - '72" is in full swing throughout the San Antonio area. Starting March 10th and running through April 28th, participating organizations are meeting weekly to discuss foreign policy issues concerning Vietnam, Japan and the Common Market, the Soviet Union, Chile, Our China Policy, Guns and/or Butter, Poor Nations-Rich Nations and Our Crowded World. This year, as last, KLRN is televising a series of eight programs covering the issues in interviews with Dean Rusk, Senators Church and Proxmire, George BAll, Secretary of Defense, Melvin Laird and Ambassador Dobryvin, among others. The series started March 10th and is continuing on a weekly basis through April 28th with replay each Saturday at 1 p.m.

The Express-News is participating in the program by printing a series of articles (each Sunday in the editorial section for the duration of the program) along with eight world affairs quizzes (each Thursday in the Express) prepared by faculty members from St. Mary's University, Trinity University, Our Lady of the Lake, and Incarnate Word College to run concomitantly with the TV series.

During the community-wide study sessions, individual participants are being asked to express their opinions by ballot on specific policy alternatives for each of the eight topics (opinion ballots are bound into the "Great Decisions" book and also appear in the Sunday Express-News). Tabulated results of the returns (to be sent to the League office) will be published locally in the Express at the completion of the program and the Summaries then forwarded by LWV to the White House, to Congress and to the State Department. At a time when many are calling for greater citizen participation in the policy-making process, "Great Decisions" offers an opportunity to speak out, and a direct channel of communication. Many members of Congress find the ballot summaries they receive a valuable means for keeping in touch with the views of their constituents.

In San Antonio, groups participating in "Great Decisions" include the Unitarian Church, American Association of University Women, St. Stephen's Methodist Church and St. Andrew's Presbyterian Church. In addition, several area high school social studies classes and political science department at Southwest Texas University in San Marcos are involved.

For those who are not familiar with "Great Decisions" some background information:

The League has sponsored "Great Decisions" for the past two years. The series is the Foreign Policy Association's nationwide study-discussion program and stresses active participation by citizens in the study and discussion of eight important foreign policy issues facing the United States each year. (Foreign Policy Association is a private, non-profit, non-sectarian, politically impartial association.

Mrs. John Yatteau
Coordinator

GREAT DECISIONS - '73

Great Decisions is in its third year in San Antonio. This year, as in the past two, League has sponsored the Foreign Policy Association Study-Discussion Program throughout the San Antonio Area.

For the eight-week period, starting February 11th and continuing through April 1st, participating organizations, including the Unitarian Church and several area high schools, met weekly to discuss foreign policy issues which ran the gamut of topics from the Sino-Soviet-American triangle, Mass Media and Foreign Policy, Japan, White Rule in Black Africa, and the Common Market to Man on Earth, Canada, Latin America and the U.S. and Egypt after the Soviet withdrawal. League meetings were held Sunday afternoons from 4-6 p.m. and evolved into fascinating and informative discussions which were not only well-attended by League members and their husbands, but by interested, invited guests from the community at large. San Antonio participants were invited to a state-wide Issues Conference held in Galveston, April 21-22, sponsored by College of the Mainland, coordinating agency for Great Decisions in the Houston, Texas City, Galveston area.

KLRN-TV, Channel 9, again televised a series of ten, half hour progrms moderated by Martin Agronsky with former Secretary of State Dean Rusk, covering the issues in interviews with James Reston, Arthur Schlesinger, Herbert Kline, George Ball, the Earl of Cromer and others. This series started February 9th at 7:30 p.m. and continued on for 10 weeks through April 13th.

One of the exciting by-products of last year's program was the publication in the Sunday EXPRESS-NEWS of a series of articles on each of the eight issues accompanied by opinion ballots which readers were urged to fill out and return to the League office for tabulation. The results of the tabulations were forwarded to the Western U.S. regional office of the Foreign Policy Association in Boulder, Colorado. They, in turn, compiled a simplified comparative review of the balloting in four of the twenty-four participating states in the region. A summary of the ballot results went to Congress and the State Department. Individual participants in this year's program were again asked to express their opinions by ballot on specific policy alternatives for each of the eight topics and to return the tabulated results to the League office or to Mrs. John Yatteau for local publication.

Mrs. John Yatteau
Coordinator

Dear Mrs. Winick
I hope this will be brought to the attention of the I.R. State and Local Chairmen,
Thank you, E. Felt

NOV 9 1973

LEAGUE OF WOMEN VOTERS OF BROOKLINE

370 WASHINGTON STREET
BROOKLINE MASSACHUSETTS 02146

Intl. Relations

November 5, 1973

Mrs. Lucy Wilson Benson, President
League of Women Voters of the United States
1730 M. Street, N.W.
Washington, D. C. 20036

Dear Mrs. Benson:

It has come to my attention during the past week that State Presidents of the League of Women Voters received a "Time for Action" memorandum from you during the summer of this year urging them to encourage the members of the United States Congress to compromise their convictions regarding making the most-favored-nation tariff treatment available to the Soviet Union contingent upon the granting to all Soviet people the right to emigrate freely. As International Relations Chairman for the Brookline League, I was given a "Time for Action" memorandum dated October 5, from you urging similar action by all League members, as well as asking us to endorse a closed rule vote on Titles IV and V of HR 6767, which deal with granting most-favored nation status.

I believe this action on your part is at best ill-conceived and that League members have been shamefully hoodwinked into acting contrary to the best interests of the United States. I am forwarding a copy of this letter to State League Presidents throughout the country in the hope they will follow through immediately before this matter comes to House debate within the next week or so, in order to correct whatever damage may have been done through your ill advice. Confirmation of just how distorted that advice is resulted from discussions with the appropriate State League officials here in Massachusetts. I was appalled by the ignorance on their part regarding today's economic and political realities, since at least one of them had attended a League-sponsored Trade Conference in Washington, D. C. in July, and had ostensibly kept the other informed. I was further repulsed and offended by the blatant bigotry and insensitivity on the part of these officials with regard to the moral implications connected with granting more freedom to the Soviet people. You would have to be

totally ignorant of historical facts and blind to recent world crises to believe that trade and foreign investments have brought allies to the United States or favorable changes in the politics of our trading partners.

If your intentions are to establish better relations between the peoples of the Soviet Union and the United States in the interests of World peace, I can think of no better way than the free movement of citizens between our two nations, a free Soviet press, free communciation, scientific and cultural exchanges between East and West, and freedom of movement between the people of Eastern and Western Europe. Our Congressmen should be lauded for their farsightedness in attempting to break down the barriers that have been built up in the minds of Soviet citizens who have been inundated with Soviet propaganda against the United States and dehumanized by activities against internal dissenters.

We know too well that trade rarely changes the internal or external politics of nations. We have already made monumental concessions to the Soviet Union by reducing its post-WW II multi-billion dollar debt (approximately $13 billion) to less than $8 million, through our "Wheat Deal" and by business negotiations over the past year and a half with such firms as IBM, Standard Oil, The Chase Manhatten Bank, and the Ford Motor Company among others. The first three industries have indeed set up headquarters in the Soviet Union, and more may have followed their example since my last research. It is painfully obvious that none of these business efforts on our part served to alter Soviet policy towards the interests of the United States during the past month.

Congressional action to tie most-favored-nation status and extention of commercial credits to free emigration, and the honoring of the Human Rights of the people of the Soviet Union seeks to bring our two countries closer together by correcting all aspects of political oppression. If it happens to help those Jewish people living in the Soviet Union, only the most heinous bigot could begrudge such an eventuality. It might even please that bigot to contemplate that if such oppression is relieved, some Jews may choose to remain in the country of their birth.

For the past fifteen years I have been a member of League and worked along with my friends to bring the truth as best we knew it to the people wherever I have lived. Because of the aforementioned action on the part of League's national office,

I am regretfully but proudly considering resigning from my position as International Relations Chairman and will withdraw my support of all League activities until you have taken action to expunge the effects of your behavior. Without such action the League of Women Voters would fall short of its political and moral responsibilities to the United States and all mankind.

With deepest respect for the good women and noble concepts your office represents, I am

Very truly yours,

Esther L. Felix

Esther L. Felix, Chairman
International Relations

cc: State LWV Presidents, Sen. E.M. Kennedy, Sen. E.W. Brooke, Rep. R.F. Drinan, Sen. J. Backman

OCT 18 1973

League of Women Voters of Charleston County

CHARLESTON, SOUTH CAROLINA

October 15, 1973

TO: LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
LEGISLATIVE ACTION

RE: INTERNATIONAL TRADE

The Charleston, South Carolina, League is most disturbed concerning the October 5, 1973, "Time for Action" regarding trade legislation.

By not supporting the Mills/Vanik/Jackson Amendment (denying most-favored-nation to any country denying its citizens the right to emigrate) we are putting economic factors over a very humanistic consideration. (In talking to the national office about this item, we were told that the League "prefers" a stance favoring the economic position over the political implications.) We are aware of the importance of a stand which encompasses a broad area in order to expedite League action. When aspects of legialation are more controversial than the item itself, the grass roots strength of the League is nullified with a national statement based on a non-studied aspect of an "umbrella" item.

While we are not discounting the importance of the economic implications envisioned in Title IV, the League's blatant support of most-favored-nation treatment does not allow for local leagues to participate in this critical decision about which most members have a strong opinion.

The political implications of an issue traditionally are the strength of the League. Too much license in taking an expedient stand sacrifices our moral integrity which is the League.

Because of the foregoing circumstances, the Charleston, South Carolina, League cannot respond to this "Time for Action," and we wish to direct your League's attention to this.

Sincerely,

Mrs. Abner Levkoff

Mrs. Abner Levkoff
President

cc: All South Carolina and State Leagues

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES 1730 M STREET, N.W., WASHINGTON, D.C. 20036 — LEAGUE ACTION SERVICE — $7.50 A SESSION

OCT 9 1973

This is going on DPM

time for Action

October 5, 1973

TO: State and Local League Presidents

FROM: Lucy Wilson Benson, President; Ruth L. Sims, Action Chairman; and Ruth J. Hinerfeld, International Relations Chairman

RE: Trade legislation

The House Ways and Means Committee has approved the Trade Reform Act (HR 6767) by a vote of 20 to 5. The time for action on trade is now.

Timetable:	October 16	Rules Committee expected to act
	October 17	Bill on House floor
	October 19	Vote in House

Action:

I. If your Congressman is on the Ways and Means Committee and if he voted for the bill, send a wire expressing League approval and thanks.

If he voted against the bill, express League disappointment and hope he will reconsider his opposition when bill comes to the floor.

The vote was as follows: FOR -- Mills (D AR), Chairman; Ullman (D OR); Griffiths (D MI); Landrum (D GA); Fulton (D TN); Burleson (D TX); Corman (D CA); Gibbons (D FL); Waggonner (D LA); Karth (D MN); Schneebeli (R PA), Ranking Minority Member; Collier (R IL); Broyhill (R VA); Conable (R NY); Chamberlain (R MI); Pettis (R CA); Duncan (R TN); Brotzman (R CO); Archer (R TX).
AGAINST -- Burke (D MA); Rostenkowski (D IL); Green (D PA); Carey (D NY); Vanik (D OH).

II. If your Congressman is on the Rules Committee, impress upon him the need to grant the rule requested by Congressman Al Ullman (Chairman of Ways and Means during the absence of Wilbur Mills). Ullman requested a closed rule, but with an up or down vote on Titles IV and V. (See page 2 for summary of contents of bill.) RULES COMMITTEE MEMBERS: Madden (D IN), Chairman; Delaney (D NY); Bolling (D MO); Sisk (D CA); Young (D TX); Pepper (D FL); Matsunaga (D HI); Murphy (D IL); Long (D LA); McSpadden (D OK); Martin (R NB), Ranking Minority Member; Anderson (R IL); Quillen (R TN); Latta (R OH); Clawson (R CA).

III. All Members of Congress must hear from the League and other influential constituents immediately.

1. Urge your Congressman to vote for the trade bill as reported by the Ways and Means Committee.

2. Urge him not to accept any weakening amendments on the floor.

3. Protectionist forces are planning to amend the bill or kill it. The liberal trade community must exert enough counter-pressure to save the bill. Contact influential members of your community (business leaders, public officials, trade and consumer groups), to join the League in this effort. For action suggestions, see Trade Action Alert, June 15, 1973. For background on the trade bill, see REPORT FROM THE HILL issues for April-August: No. 93-I-3, April 25, 1973; No. 93-I-4, June 22, 1973; No. 93-I-5, July 25, 1973; No. 93-I-6, August 28, 1973.

Summary of Major Provisions of the Trade Bill as Reported by the Ways and Means Committee

(Note: Committee merged Titles I and IV. Other Titles have been renumbered.)

Title I - Negotiating and Other Authority.

1. The Committee has granted negotiating authority and incorporated limitations League wanted (on authority to raise or lower tariffs).

2. Non-tariff Barrier Authority. League wanted advance NTB authority. Committee did not grant this but set up new Congressional veto procedure which is flexible enough to allow negotiations to reduce or eliminate NTB's.

3. Authority granted to suspend import barriers to restrain inflation and impose surcharges during balance of payments emergency situations. Committee included provisions to limit Presidential discretion.

Title II - Relief from Injury Caused by Import Competition.

1. Access to escape clause relief has been liberalized. Industries must be suffering from, or threatened by, serious injury caused substantially by increased imports. The market disruption provision, which the League opposed, was dropped.

2. Adjustment Assistance. Committee made major changes in this provision along lines League recommended: eligibility criteria liberalized; benefits greatly increased; firms included. This provision is a strong selling point to Congressmen worried about unemployment.

Title III - Relief from Unfair Trade Practices.

This Title broadens the range of U.S. responses to foreign countries having unfair import restrictions and export subsidies. But Presidential discretion to retaliate is limited by finding of Secretary of Treasury, Tariff Commission and determination that other remedies are inadequate.

Title IV - Most-Favored-Nation Treatment.

Committee accepted Mills/Vanik/Jackson amendment: President cannot grant MFN to any country denying its citizens right to emigrate, but he can continue to extend commercial credits. League supports MFN and commercial credits for export promotion and hopes that a compromise on this Title can be worked out.

Title V - Generalized System of Preferences.

President is granted authority to extend duty-free treatment to imports from less developed countries, as recommended by the League.

The trade bill as reported by the Committee is better than the original Administration bill. THE LEAGUE CAN SUPPORT IT. LET THEM KNOW IN WASHINGTON.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

JUN 4 1973

news release

The League of Women Voters of the United States

For further information
Julia Wolfe Kirn
Public Relations Director
296-1770

FOR RELEASE TUESDAY, MAY 29, 1973

Washington, D.C.--The League of Women Voters of the U.S. today gave qualified support to the Administration's proposed Trade Reform Act of 1973.

In testimony before the House Ways and Means Committee, League President Lucy Wilson Benson concentrated her comments on three areas of particular concern to the League: (1) Presidential request for unlimited negotiating authority; (2) proposed adjustment policies, and (3) provisions relating to the international obligations of the United States.

The League, she said, agrees that the President should have extensive authority in trade negotiations, limiting tariffs and eliminating non-tariff barriers. However, it recommends that Congress place a ceiling on the President's power to raise tariffs, supports the proposed Congressional veto power concerning non-tariff barriers, and questions whether "extensive" Presidential authority necessarily means "unlimited" authority.

The League testimony stressed the organization's general opposition to trade barriers, although recognizing the necessity under exceptional circumstances to impose regulations on a temporary basis. However, according to the League, safeguards which result in protecting industries that are not competitive for reasons other than increased imports are potentially dangerous.

On adjustment assistance, the League believes the President's proposals are lacking in many respects, among which are provisions relating to adequate job benefits, job search and relocation allowances, medical protection, seniority, aid to communities and provision for an early warning system that would allow adjustment programs to be initiated before workers actually suffer.

MORE

"We find the President's proposal unimaginative and ungenerous," Mrs. Benson stated. "The AFL-CIO has argued in the past that adjustment assistance is burial assistance -- and, indeed, thus far, the program has been a non-program. Simply stated, we need a program that works -- and that takes money. There are no bargains in public policy; half hearted programs become self-fulfilling prophecies of failure."

She also reminded the Committee that the consumer should not be forgotten. "We hope the Committee will give serious attention to the long-run importance of international competition in increasing consumer choice and in reducing inflation."

The provisions relating to our international obligations (sections 301 and 401) are weak, Mrs. Benson continued. "We feel that since this is the first new trade legislation in 11 years, its intent and wording should be strong and positive. It should indicate to our trading partners and erstwhile competitors that we are ready to modernize the rules of the game and then we are prepared to play by those rules."

The League remains "convinced that the public interest is best served by a trade policy which promotes the freest possible exchange of goods and ideas across national borders," Mrs. Benson added.

"In accordance with this position we support the systematic reduction of trade barriers through multilateral negotiations. We support the principle of reciprocity in trade agreements except when political and economic considerations call for special trade concessions to developing countries.

"We favor the extension of most-favored-nation status to countries with non-market economies. And, with some modifications in taxation policy, we feel that the beneficial activities of multinational corporations should not be unduly restricted."

# # #

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

OCT 9 1973

memorandum

The League of Women Voters of the United States

October 5, 1973

TO: State League Presidents

FROM: Ruth Sims, Action Chairman

RE: TIME FOR ACTION ON TRADE

The enclosed TIME FOR ACTION has been sent to all state and local League Presidents. Because action is needed urgently (see timetable in TIME FOR ACTION), we are adding this special alert to all state League Presidents.

Action by state Leagues is very important. Urge state-wide organizations with an interest in trade and state officials to wire the entire Congressional delegation. We need all the support we can get! You may also want to try quick notification of those Leagues you know are geared up to respond. You are receiving this air mail. Local Leagues will receive it in regular mail. If, in addition, there is a chance that some local Leagues in your state will not receive the TIME FOR ACTION in sufficient time, please communicate its contents to them so they can respond to it as soon as possible.

file I.R.

TWO VIEWS OF THE TRADE CONFERENCE

by Mrs. Robert Rundel
International Relations Chairman
LWV of Houston

One day in early June my telephone gave an innocent jingle, and the voice at the other end turned out to be Mrs. Herbert Wincorn, member of the national League's International Relations Committee, calling from Dallas to invite me "to go to Washington, D.C. for the League."

The occasion was an International Trade Conference, sponsored by the LWVUS Education Fund, to be held in Washington July 10-12. Conferees were to be the national board, the national International Relations Committee, and one League member from each state. I immediately said "Yes!" to being the Texas delegate.

My trip got off to a great start. I spotted my Congressman on the plane and he offered to drive me into Washington, filling my ear all the time with musical words about how much he admired the great work of the League.

I had gone up a day early, and the first afternoon I made a trip to Mt. Vernon, where I met other conference delegates. Actually, the conference began for me on that bus ride, for we earnestly discussed trade bills while passing famous monuments. The following morning I attended the Watergate hearings and heard former Attorney General John Mitchell testify. As the cameras swung around toward the audience, I smiled at all the Leaguers back in Texas and wished that you could have come too. (Maybe next time, if you agree to be a committee chairman, you'll get to!)

The conference officially began with greetings from Lucy Benson, LWVUS president, who I now know as a real person—and a charming one, too—not just as a picture in the national VOTER.

We learned that trade and tax bills start in the Ways and Means Committee of the House. There are two major trade bills being studied by the committee now – the Burke-Hartke bill, sponsored by the A.F.L.-C.I.O., and the Trade Reform Act of 1973 (TRA), sponsored by the Administration.

The Burke-Hartke bill is very protectionist; even Congressman Burke, the bill's co-author, admitted to us that it was extreme and had little chance of passing. So for the rest of the time we focused on the TRA and how well it would match the League's liberal trade consensus (see pp. 20-21 of the June-July 1973 issue of the national VOTER).

We learned that there is to be a new round of international trade negotiations in Tokyo this September. The goal is to reduce trade barriers, and it is important that a trade bill be passed by Congress soon so that the United States will have a firm trading position. Ambassador Wm. Eberle is the U. S. special negotiator He spoke to the conference about some of the aspects of international trade that are important to our country.

Another conference highlight was a talk by former Secretary of Commerce Peter Peterson on the interdependence of the economic world.

The final morning, after one last briefing on Capitol Hill by the Emergency Trade Action Committee, each one of us was sent out with a list of Congressmen to lobby. I visited Houston area representatives Bill Archer, Bob Casey, Bob Eckhardt, and Barbara Jordan, They were all very accessible and interested in the conference. Our conversation focused on the League's consensus position

At this stage of the proceedings, it looks as though there will be a trade bill that the League can support. Let's all be looking for a Time for Action in September.

---

by Mrs. Herbert Wincorn
Off-board member, LWVUS
International Relations Committee

"Tackling the Trouble with Trade – from Tashkent to Topeka to Tokyo" was the conference title, rather a large undertaking even for the League of Women Voters.

In two full days we learned why the forthcoming trade negotiations in Tokyo would be the most difficult ever undertaken, what kind of compromise trade bill the House of Representatives might pass, and what we can do back home to push for a bill the LWV could support.

Political and economic experts from the U.S., European Economic Community (EEC), Japan, USSR, and the developing countries gave their perspectives. The negotiations in Tokyo would deal with agricultural support systems, tariffs, non-tariff barriers, monetary reform, and economic benefits for the developing countries.

We learned from former Secretary of Commerce Peter Peterson that economic interdependence has become so important that it is creating political interdependence. The energy problem is one that will push us to define our national interests and to set our priorities in line with the world's interdependence.

Ambassador Wm. Eberle, chief U.S. trade negotiator, stressed the importance to his work of prompt congressional action on a trade bill; but no timetable was suggested by Rep. James Burke (D., Mass.), co-author of the Burke-Hartke bill; Rep. Barber Conable (R., N.Y.), who discussed the Administration trade proposal; or Rep. John Culver (D., Io.), who discussed his own trade adjustment bill.

Rep. Burke made it clear that his strongly protectionist bill was intended to establish a bargaining position. He has never expected that it would pass in anything like its initial form.

Members of a panel representing U.S. business, labor, farmers, and consumers pointed out two serious omissions from all the trade bills: no mechanism for public participation in trade matters, and inadequate provision for trade adjustment assistance.

Rep. Culver would remedy the second omission by his strong trade adjustment assistance bill which also provides for a manpower training program. He told us that present trade restrictions are costing U.S. consumers from $7-$15 billion per year. In contrast, trade adjustment assistance would cost from $150-$500 million.

Armed with so much information, we were prepared to carry the message to the public back home about the trade legislation our country needs.

We were told about trade surveys some local Leagues have conducted to reach consumers, retailers, and industry. Public relations expert David Apter suggested our next step should be to reach the public.

"State your case in terms of their own self-interest, in very simple terms," he said. Decide on a workable plan your womanpower can handle. Choose your audience for major impact results. Work with other like-minded organizations.

Use direct mail, television time, radio, newspapers, magazines. The time span for an intensive campaign should be a minimum of three months.

Our last day in Washington was reserved for lobbying on the Hill, and we were assigned to visit as many of our state representatives as we could to talk about trade.

Educating your community about the need for good trade legislation can start today if you haven't already begun. It can be fun, and effective.

TEXAS VOTER
September, 1973
Vol. VIII No. 5
LEAGUE OF WOMEN VOTERS OF TEXAS

League of Women Voters of Texas
Dickinson Plaza Center
Dickinson, Texas 77539
A/C (713) 337-1722

LAND USE — ACT ONE

by Mrs. Wilfred Higgins,
Land Use & Solid Waste Chairman

You (thoughtfully): Whatever happened to our home on the range?
Me (wistfully): I wish I knew . . .
Us (determinedly): Let's find out!

The preceding fictitious account of the conception and birth of our new state land use management study is about as accurate as telling the kids they were found under a cabbage. But it does serve to draw your thoughts for a few minutes to what may well be the most important, the most complex, and the most endlessly fascinating environmental study we have yet attempted in Texas — because this is truly a something-for-everyone study.

The study of the use of land touches on history, physiography, natural resources, aesthetic considerations, placement of buildings, methods of transportation, distribution of population, and the various methods of taxing these in-the-land-on-the-land bounties. At the heart of all of these considerations are **people** — people who have much, and want everything; people who have little, and want more; and people who have nothing, and *want.* Adjusting these demands and needs, from the most necessary to the most seemingly frivolous, will in some manner depend on the land use decisions Texans make — or refuse to make.

It has been noised about for some time that conflicts between the poor and the environmentalists are growing. There are people who see the whole environmental movement (in which the concern over land use is assuming increased attention) as an elitist, middle-class, dilettante effort to "make the world safe for butterflies." But there are also many who, while recognizing the validity of some of this criticism, also understand that environmentalists are accused of such action by those who have a very vested interest in maintaining the status quo, and who subtly fan the flames of distrust between the disadvantaged and the environmentally concerned. They would agree with Dr. Margaret Mead, who finds no essential incompatibility between working for social justice and building a better environment.

As you follow the thread of discourse through the labyrinth of land use in Texas, be thinking of a specific area — or areas — of land use management that you might want to go into in depth. And please do keep in mind that no study is complete unless it is followed by effective action. As the Governor's Division of Planning Coordination notes in **Texas Land Use**: "Any significant change in land resource management programs probably will be misunderstood and mistrusted until a majority of society understands and accepts the need for such changes."

ENVIRONMENTAL INSIGHT

Every now and then, we run across statements on some environmental matter that seem to add a new dimension to our thinking on the subject. We will share some of these brief gems with you in the VOTER under the heading EN-SIGHT.

EN-SIGHT

Planning is not a plan, planning is a process.

— Philip Arctander

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STATE LEAGUE @RESIDENTS: HOUSE WAYS AND MEANS COMMITTEE READY FOR FINAL DECISION ON TRADE BILL AUTHORITY TO GRANT MOST-FAVORED NATION TREATMENT TO USSR. COMMITTEE CONSIDERING NEW COMPROMISE BETWEEN ADMINISTRATION REQUEST AND MILLS-VANIK BILL. (SEE R H MARCH 1973). CLOSE VOTE EXPECTED WEDNESDAY SEPTEMBER 19TH. LEAGUE HAS NO POSITION ON EMIGRATION POLICY BUT FAVORS LIBERALIZING EAST-WEST TRADE. MFN IN JEOPARDY. URGE COMMITTEE WORK TOWARD REASONABLE COMPROMISE. CITE POLITICAL AND ECONOMIC IMPORTANCE. PRESSURE ESSENTIAL FROM LEAGUES BUSINESS AND OTHER GROUPS IN WAYS AND MEANS MEMBERS' DISTRICT. ADVISE LOCAL LEAGUES MOBILIZE COMMUNITY GROUPS.

RUTH HINERFELD I R CHAIRMAN, RUTH SIMS ACTION CHAIRMAN 1730 M ST NORTHWEST WASHINGTON DC 20036

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MGMHOUE HOU

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

AUG 31 1973

League of Women Voters Education Fund

August 28, 1973

TO: State League Presidents (for International Relations Chairmen)

FROM: Ruth Hinerfeld

Attached is a copy of "Rhodesian Chrome", a recent publication of the Student and Young Adult Division of the United Nations Association. The pamphlet is an excellent case study of foreign policy "in the making." We are very grateful to the United Nations Association for making complimentary copies available to us.

Contributions to the Fund are deductible for income tax purposes

73 COUNCIL
League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D.C. 20036

May 7 - 10, 1973

NATIONAL PROGRAM

INTERNATIONAL RELATIONS PREVIEW

The past year's activities at the national, state and local level on the four parts of the International Relations item offer a good guide to what we can expect in the way of League action in the current program year on trade, the UN, development aid and China.

TRADE has been -- and will clearly remain -- our number one priority. With the updated consensus approved by the national board at the beginning of next month and with League members throughout the country interested and freshly informed by their recent study, we should be well equipped to advocate League views on trade during the consideration of new legislation by Congress. I covered the major elements of our anticipated short-range trade action strategy in Monday's briefing; and yesterday, we took our first step in acquainting members of Congress with the League's interest in and position on trade.

To briefly review what we'll be doing in the months ahead --

Step two in our strategy will occur with the release of our new consensus next month -- hopefully, through Mrs. Benson's testimony before the House Ways and Means Committee. In July, selected state and local trade chairmen will make a further foray on Capitol Hill to present our views to members of Congress. These chairmen will also attend a training conference to prepare for the job of community education they'll be doing during the fall and winter -- or until a new trade law is enacted. During that time, we'll also be working from all levels -- local, state and national -- to influence the final shape of the new act. And after we have it, we'll have another job to do in monitoring its implementation and the effects of its implementation on our relations with other countries and on our domestic economy.

The structure and operations of the UNITED NATIONS has grown a bit hazy in League members' knowledge and understanding over the decade since our last study. Nevertheless, League support for a strengthened United Nations system remains very much alive in the presence of our UN Observer, Martha Aasen, and the continuing practice of many Leagues to "do something" about the UN every year -- generally at the time of UN Day, when they cooperate with other groups on UN Day programs or observances, send out speakers, etc. This year, as in the past few years, a brief guide to UN programming with a suggested thematic focus will be prepared by the UN Observer and sent to Leagues early in the summer. The national board has recommended that the program focus be on "world population," since 1974, when a UN Conference on Population will be held, has been designated World Population Year. This year, as last, our legislative efforts under the UN position will probably be directed to US funding of the UN. We anticipate congressional efforts to extend the present 25% limit on US funding of the UN's assessed budget expenditures to US voluntary contributions to UN agencies, as well.

DEVELOPMENT AID remains a valid instrument of international cooperation. However, it is not a popular issue at present -- either in Congress, where it has become a

hostage of the legislative-executive power struggle or among the public, where it has been tainted by association with military aid and neglected in favor of preoccupation with domestic concerns. Nor is it a subject of interested attention among League members, in spite of the fact that a sound and timely updating of the consensus was done only a few years ago. There are exceptions: A few Leagues have held special meetings on development, while others have tried to tie the subject closely to their trade study. In addition, between now and the fall, Leagues in Atlanta, Pittsburgh and Des Moines are participating in community conferences whose theme is "One World -- the Interdependence of the Rich Nations and the Poor" through local coalitions which include the AAUW, the UAW and other organizations. At the national level, we'll try to watchdog the funding of multilateral development institutions and we'll keep an eye out for their use in any future program for the rehabilitation of North Vietnam.

The NORMALIZATION OF US-CHINA RELATIONS has proceeded at a steady pace without any action by the League in the past couple of years. Although diplomatic recognition, most-favored-nation trading status and genuine "normality" in inter-country relations remain to be achieved, Leagues have come to regard the item as a vehicle for guest speakers or the League Speakers Bureau rather than as a position which requires implementation. Next year's prospects are for more of the same, barring unforeseen reverses in the steadily improving climate of US-China relations.

# # #

73 COUNCIL
League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D.C. 20036

May 7 - 10, 1973

NATIONAL PROGRAM

REPRESENTATIVE GOVERNMENT PREVIEW

U.S. Congress: After the 1972 Convention the Representative Government Committee and the national Board considered all communications and researched all possible sources for guidance on what delegates had really meant when they voted to add "study" to the Congress component of the R.G. Item. Did we want more detailed study of areas already covered or did we want expansion into new areas such as campaign financing or executive-congressional relations? It appeared there were some who wanted each. But none wanted all.

Before it could be resolved, the question became academic by virtue of the practical realities of budgetary and "person" power limitations with which we had to contend at all levels.

At the same time, during the waning days of the 92nd Congress and after its close, developments in Washington were rapidly improving the climate for reform. Increasingly frigid winds swirling along Pennsylvania Avenue activated the Capitol thermostat and temperatures rose accordingly. It became apparent that the seeds of reform, previously planted but unable to germinate in the barren ground, were sprouting. The delicate seedlings being carefully nurtured by a few within Congress needed a substantial application of fertilizer and irrigation from outside.

Hence, our decision to make action the emphasis of the Congress item and the adoption of the umbrella of congressional-executive relations and appropriations under which we would tackle all of our priority action positions.

You have been receiving reports of our activities with the coalition, testimony, etc. All of these will continue. But, when the flood waters recede back through the gate, it remains to be seen whether they have deposited a layer of alluvial soil or completely washed out the seedlings. In either case, there will still be great need for sustained action to insure that the preliminary reforms already achieved are not only retained, but that those concerned are encouraged and supported in their efforts to effectuate the reforms still necessary to implement our positions.

Some of this can be done by our continuing efforts here in Washington, (Boling Select Committee on Committees, Ulman Report) but most must be accomplished by utilizing our expertise and tools, eg. Community Guide, in keeping the issue alive locally and doing the kind of public education job in our own communities which will create a constituency for reform before the 1974 elections.

Election of the President: We do not foresee any action during 1973-74 on electoral college reform.

D.C.: The great imagination shown by many state and local Leagues in their activities implementing the nationwide D.C. Home Rule campaign has doubtless stimulated greater public interest throughout the country and there is now a chairman of the House committee who is a strong supporter. Congressman Diggs is confident that he can get a bill reported out of committee in June and on the floor by late September. These factors would seem to indicate we might expect some favorable action during this session. However, they have also created some problems. In the past the matter was discussed in terms of philosophy and generalities and proposed "Home Rule" measures were more superficial than substantive. Now, when real home rule is likely to be considered, Congress will have to get down to the "nuts and bolts," and ironing out the specifics is going to be quite controversial. As a result some previous supporters may be lost and chances of passage diminished.

Apportionment: Action continues to be focused on a state and local level. Leagues will want to look carefully at our April 4 Memo on Recent Supreme Court Decisions of Interest to Leagues which indicates that more flexibility in populations of districts may be allowed but that they must be for compelling and justifiable reasons.

Voting Rights: League action under the Voting Rights Bylaw has so far primarily taken place at the state and local level. Since enactment in 1970 of the amendments to the Voting Rights Act of 1965, Congress has not given serious attention to national voting rights legislation until this year. Currently a spate of activity in Congress on a wide variety of bills has been stimulated by the combined impact of recent court decisions regarding residency requirements, absentee voting and registration, and recent public exposure of vast discrepancies in practices of state and local election officials. These same events have moved many legislatures and officials at the state and local levels to more positive action.

Under the Voting Rights Bylaw, Boards at all levels have the job of deciding whether proposals in their legislative bodies either threaten or, conversely, extend the citizen's right to vote and, if so, whether League action to oppose or support is warranted in view of other League priorities, political realities, etc.

The national Board will be considering this matter at the Board meeting next month. We all still have a lot to learn about the kind of effective action the League can and should take under the Bylaw.

# # #

State Barriers to World Trade

UNITED STATES—JAPAN TRADE COUNCIL
1000 Connecticut Avenue, NW, Washington, D.C.

State Barriers to World Trade

Introduction

THE FUTURE course of America's trade policy remains uncertain as U.S. policy-makers wrestle with current trade and payments deficits. The first multilateral trade negotiations since the Kennedy Round a decade ago are scheduled to begin this fall, with the dismantling of nontariff barriers as one of the principal objectives.

In view of the general desire for a worldwide reduction of trade restrictions, the recent upsurge in state and local Buy American activity is a disappointing and deeply disturbing development. Buy American statutes and administrative regulations are proliferating—in some cases with the tacit encouragement of the Federal government—even though these practices have been declared unconstitutional and represent flagrant nontariff barriers to international trade.

The Constitution grants to Congress the exclusive power to regulate foreign commerce. Considerations of national security, economic development, and common sense convinced the Founding Fathers that American foreign economic policy should be formulated and implemented at the national level, and *only* at the national level. Congress has exercised its authority accordingly, as has the Executive in negotiating multilateral trade agreements and treaties.

State and local Buy American practices are obvious and harmful exceptions to this long-standing principle. Since the adoption of the Trade Agreements Act in 1934, a total of six American presidents have rejected the path of protectionism and have labored to dismantle U.S. trade barriers. But in spite of this bipartisan liberal trade policy at the national level, restrictive or closed bidding practices have survived and flourished in the states.

Existing State Restrictions

At least 23 states currently impose substantial restrictions on the purchase of foreign-made goods for public projects. Some of these restrictions apply to local governmental units within the states as well.

Businessmen seeking to supply foreign materials to a state project are confronted by an array of bureaucratic practices that lack uniformity and are often arbitrarily administered. Some states (e.g. Alabama, Massachusetts and Illinois) virtually ban the purchase of certain foreign-made materials, particularly fabricated steel products. Many others (e.g. Alaska, Arkansas and New Mexico) give preferential treatment to in-state materials and suppliers. This in-state and/or domestic preference approach is widespread, and may feature a preference for in-state contractors if the price and quality standards of their bids are equal to those of out-of-state or foreign contractors; fixed percentage price differentials favoring the in-state bidder (usually ranging from three to six percent); or discretionary authority without guidelines which permits state purchasing officials to discriminate against a foreign bidder.

Some states treat a product as foreign—and thus subject to restrictions—if any component part was manufactured abroad. Other states may formally deny the existence of a Buy American policy, but in practice set a prohibitively brief time for the submission of bids. Other restrictive practices include the requirement that the goods be in the United States at the time of bidding, and insistence on overseas inspection or testing at the supplier's expense.

Perhaps the most imaginative device to exclude foreign-made products is a Pennsylvania statute providing that no aluminum or steel shall be purchased if manufactured in foreign countries "which discriminate against suppliers, equipment or materials manufactured in Pennsylvania." Under the terms of this curious statute, which was enacted in 1968 but has not yet been implemented, a "foreign registry docket" of nations allegedly practicing discrimination against Pennsylvania products shall be kept in Harrisburg, the state capital, and "reciprocal restrictions" may be imposed accordingly. At this writing, no proceeding to challenge the constitutionality of the Pennsylvania law has been initiated.

For the results of a recent state-by-state survey of Buy American policies, see the tables on pages 9-12.

Campaign for New Restrictions

Georgia, Tennessee and Colorado provide the most recent examples of the application of restrictions on imports. In each case, the state highway department has imposed within the last year either a flat prohibition on the procurement of foreign goods or has saddled importers with extra and unreasonable administrative burdens. Some observers maintain that this latest flurry of Buy American activity can be traced to a decision last year by the Federal Highway Administration to withdraw an earlier unimplemented directive to the states not to adopt Buy American policies beyond the Federal government's own restriction (which as a general rule allows domestic suppliers a six percent cost differential). Since the FHA action, Georgia and Tennessee have put Buy American policies into force administratively, and similar moves are reportedly under active consideration in Oklahoma and Arkansas. Colorado has adopted a sweeping restriction, which specifies that all materials incorporated in highway projects must be produced or manufactured in the United States.

In addition to this administrative activity, an unprecedented number of Buy American bills have been introduced in the state legislatures. While no action has been taken on the vast majority of these proposals, the protectionist campaign to undermine the beneficial effects of an open bidding system continues in many states with considerable support from domestic industries and labor unions.

Objections to Buy American Laws

It is the consensus of opinion among trade policy-makers that state Buy American policies are 1) contrary to the objectives of U.S. foreign economic policy, 2) unconstitutional, and 3) costly to taxpayers and inimical to the economic interests of the United States and the states involved.

Contrary to U.S. Trade Policy

Like his predecessors dating back to Franklin Roosevelt, President Nixon supports reduction of tariff and nontariff barriers, promotion of trade on an equitable basis, and strengthening the U.S. competitive position in the world marketplace.

The policy objections to restrictive state policies were well

summarized by Edwin M. Cronk, then Deputy Assistant Secretary of State for International Trade Policy, in a telegram on March 31, 1971, to the Connecticut League of Women Voters:

> Buy American policies have a direct impact on our overall national trade policies and interest, and affect the conduct of foreign affairs. Such policies are of direct concern to the U.S. Department of State.
>
> As you know, the Supreme Court of the United States has frequently held that the grant by the Commerce Clause of Congressional power over interstate and foreign commerce prevents the states from interfering with that commerce by placing more onerous burdens or restrictions on the products of other states or foreign countries than they place on their own products. The Department of State is of the opinion that this bill [a proposal to prohibit state and local procurement of foreign steel and iron products], if enacted, would so burden foreign commerce as to be invalid under the Commerce Clause of the U.S. Constitution (Article 1, Section 8) and under the so-called Import-Export Clause (Article 1, Section 10) which generally precludes states from taking restrictive action in the field of foreign trade, whether by duty or otherwise.
>
> The adoption of a Buy American law by any state government, furthermore, would establish a barrier to international trade by unilateral action. The reaction of foreign countries might be expected to include imposition of restrictions on United States exports. This would run directly counter to the efforts of the U.S. government to support a beneficial expansion of world trade, including the further opening of markets for U.S. exports.
>
> The U.S. Government is endeavoring, for example, to improve access for American goods in foreign official procurement markets. State action to impose a Buy-American preference in order to limit the access of foreign goods to our markets would be cited as a protectionist device imposed by the United States at a time when we are seeking reduced protectionist policies by other nations in this area of activity.

With a new round of multilateral trade talks scheduled to begin in September 1973, American negotiators will be pressing U.S. trading partners to dismantle their tariff and nontariff barriers, including in some cases their discriminatory procurement practices. State Buy American statutes and regulations thus contradict this country's objectives in the upcoming negotiations and threaten to undermine its efforts to obtain meaningful concessions at the conference table. Foreign governments can be expected to defend their own

"Buy National" restrictions by citing the network of trade barriers in many American states. In sum, whether it takes the form of retaliation or a refusal to reduce foreign barriers, the inevitable result of state restrictions on imports is to endanger the American export effort at a time when—given the growing U.S. trade deficit—export expansion must be viewed as a high-priority goal of U.S. trade policy.

Unconstitutional

State laws and regulations limiting public purchases to domestic sources can clearly affect "commerce with foreign nations, and among the several States" and therefore infringe upon the express and exclusive power of Congress to regulate foreign commerce (Article 1, Section 8 of the Constitution). Every court in recent years to consider state Buy American measures has declared them invalid.

In Balwin-Lima-Hamilton Corp. v. *Superior Court*, 208 Cal. App. 2nd 803 (1962), a California court ruled that the General Agreement on Tariffs and Trade (GATT) and the Treaty of Friendship, Commerce and Navigation with Japan superseded the California Buy American Act.

Perhaps the most important decision dealing with the constitutionality of state Buy American legislation is the decision in the case of *Bethlehem Steel Corp.* v. *Board of Commissioners*, 276 A.C.A. 266 (1969), by the Court of Appeal of California. The case involved a clear-cut and direct challenge to California's Buy American Act, and was resolved in a clear-cut and direct determination that the statute was incompatible with the Federal Constitution.

In 1966 the Department of Water and Power of the City of Los Angeles awarded contracts for structural steel beams and steel components for electrical transmission towers to the two companies submitting the lowest bids, both of which were going to use Japanese steel. Two unsuccessful bidders for the order, Triangle Steel and Supply Company and the Bethlehem Steel Corporation, sued to enjoin the Water and Power Department from awarding the contracts to the suppliers of foreign steel, arguing that the California Buy American Act required the Department to buy American-made steel for the construction in question. The Los Angeles Superior Court declined to prevent performance of the contract, and at a later hearing declared the California Buy American Act unconstitutional.

Bethlehem appealed to the Court of Appeal of the State of

California, which issued a decision in 1969 confirming the decision of the Superior Court that the California statute was unconstitutional. After reviewing the revelant Supreme Court decisions and even the Federalist Papers for guidance on what was admittedly a novel issue for it to determine, the Court concluded that the power of the Federal Government in the field of foreign affairs is "inherent, exclusive and plenary." The California Buy American Act usurped and interfered with the Federal government's authority, and, consequently, was impermissible.

The Court's opinion included the following passage:

> Only the federal government can fix the rules of fair competition when such competition is on an international basis. Foreign trade is properly a subject of national concern, not state regulation. State regulation can only impede, not foster, national trade policies. The problems of trade expansion or non-expansion are national in scope, and properly should be national in scope of their resolution. . . . These are delicate matters. If state action could defeat or alter our foreign policy, serious consequences might ensue. The nation as a whole would be held to answer if a state created difficulties with a foreign power.

The California Supreme Court subsequently declined to review the Court of Appeal's decision, which remains as the law in the State of California.

Costly and Inefficient

It is a basic economic principle that competition reduces prices, spurs innovation, and benefits the consumer. When a state government limits itself to domestic or in-state suppliers, its procurement costs increase correspondingly. By discouraging open and vigorous competition among bidders, a state in effect subsidizes certain special interests and passes on the increased costs to the taxpayer. Economists are in virtually unanimous agreement that Buy Americanism is inflationary, trade-restrictive, and generally contrary to a state or nation's best interests.

Professor Paul Samuelson of the Massachusetts Institute of Technology, for example, told the *National Journal* (August 8, 1970) that he regards these policies as "inefficient", and went on to recommend that they be phased out "even though it would have as its first consequence a worsening of the balance of payments." Lawrence Krause, a senior fellow at the Brookings Institution, has labeled Buy American policies "very bad from the standpoint of world trade," and

has warned that they would likely work to the disadvantage of the United States. A Canadian economist, Professor M. S. Noorzoy of the University of Alberta, has written that:

> To the extent that the (Buy American) policy is effective, it misallocates domestic resources. It leads to higher domestic prices and oligopolistic firms. Theoretically, it is quite feasible for such firms to raise their bidding prices to the limits of the Buy American price differentials without fear of losing government contracts. The policy is also an instrument of subsidizing inefficiency in small domestic firms. It undoubtedly raises government procurement costs and leads to higher taxes. Moreover, to the extent that dutiable imports are restricted, the government loses tariff revenues.

In a June 1972 study prepared for the Joint Economic Committee, Professor J. David Richardson of the University of Wisconsin summarized his objections to Buy American as follows:

> The central conclusion of the analysis of this study is that the policy is always in part self-defeating and may under some circumstances be perverse in its effects. The reason is that "Buy American" policy is not applied across all sectors of the economy, but is directed only to the government sector. When domestically produced and foreign commodities are at all competitive (substitutable in consumption or use), the same policy which discriminates against foreign suppliers in the government sector discriminates in favor of foreign suppliers in the private sector. The mechanism underlying this conclusion is that decreased purchases of imports and increased purchases of domestic goods by the government sector tends to lower import prices and raise domestic prices, leading the private sector to substitute away from domestic suppliers and toward imports. The upshot is that economywide imports are discouraged less than government imports alone, and if incomes of domestic producers are subsidized at all, the extent of subsidization is less than would be indicated by focusing on government purchases alone. In fact, the possibility that a "Buy American" policy actually reduces the incomes of domestic producers is shown to exist.

Conclusion

Despite the persuasive legal, economic, and foreign policy arguments against Buy American policies, the politics of the problem make it extremely difficult for state legislators and other state officials to resist industry-labor pleas for protection against foreign competition. A record U.S. trade defi-

cit in 1972, high unemployment, and leverage wielded by business and union lobbyists in the various state capitals have combined to give new momentum and respectability to the Buy American movement. What is needed to defeat Buy American proposals is strong leadership by the U.S. Government, a more effective public information effort by liberal trade groups, and most important, a recognition on the part of American taxpayers and consumers that ultimately they foot the bill for these trade-restrictive policies through increased taxes and higher prices.

Buy National practices, both foreign and domestic, work to the economic disadvantage of all nations. One of the primary objectives of the upcoming round of international trade negotiations should be agreement on uniform criteria for government procurement, with the long-term objective of dismantling Buy National and all other nontariff barriers.

MARCH, 1973

Note: The following information is based upon responses by 46 states and the District of Columbia to a December 1972 questionnaire sent by the United States-Japan Trade Council to all state attorneys general and highway administrators.

I. States with Intentional Buy American Policies

Alabama
Code of Alabama requires the use of U.S. materials "if available at reasonable prices." Highway Department prohibits purchase of foreign steel in state highway and bridge construction.

Colorado
State recently adopted administrative restriction which specifies that "all materials incorporated in the (highway) project must be produced or manufactured in the U.S."

Georgia
Statutory preference for "goods manufactured in the State or to local sellers where bids submitted are otherwise equal." Highway officals recently rescinded a ban on imported materials and substituted a set of discriminatory inspection procedures governing the purchase of imported steel.

Hawaii
Hawaii statute establishes preference for American products: "In all expenditures of public money for any public work or in the purchase of materials or supplies, preference shall be given to American products, materials and supplies."

Idaho
Apparently without statutory basis, bids feature a clause restricting use of foreign materials.

Illinois
No state-wide policy, but Department of Transportation imposes a flat prohibition on foreign-made steel and other metals in highway and bridge construction.

Indiana
No Buy American statutes, but the Department of Administration has "a strong preference for American-made products" and the Highway Commission gives its district offices broad discretionary authority in procurement matters.

Iowa
State Highway Commission bans procurement of foreign-made structural steel for bridge construction.

Kentucky
Did not reply to questionnaire, but a state official said in 1969 that "we discourage all agencies from requesting foreign-made products. We believe very strongly that we should purchase domestic-manufactured products when they meet our requirements."

Louisiana
Department of Highways limits all fabricated steel purchases to American-made products.

Maine
While there are no formal restric-

tions, the Bureau of Purchases "reserves the right at any time to reject any and all bids on foreign-made products if it is not in the best interest of the State to purchase same."

Maryland
No statutory restrictions, but State Highway Administration specifies "domestic, not foreign, steel and cement." (Before 1971, regulations prohibited the use of foreign-made materials.)

Massachusetts
Statutory preference for in-state products first, and then for American-made products. Department of Public Works stipulates that "Structural steel regardless of its source shall be fabricated in the U.S.A."

Minnesota
Highway Department stipulates that all cement and all iron and steel products "shall be of domestic manufacture."

Mississippi
State Highway Department specifications provide that "only domestic steel and wire products" may be purchased for road and bridge construction.

Montana
By both statute and administrative memorandum, Montana gives preference to American and in-state products and manufactures.

New Hampshire
No state-wide policy, but Department of Public Works and Highways specifies that "all structural steel shall be restricted to that which has been rolled in the U.S."

New Jersey
Statute limits procurement of foreign materials, with narrowly defined exceptions. This restriction applies to all state contracts and to those for which the state pays any part of the cost.

New York
Apparently without statutory basis, New York State specifications include a flat prohibition on foreign goods in general purchases, and a preference for American-made materials in the construction of highways and public buildings.

North Carolina
No statutory restrictions on purchase, but under highway specifications overseas testing and inspection costs of structural steel products must be borne by the contractor.

Oklahoma
Statute provides that all State departments and agencies shall give preference to "goods and equipment manufactured or produced in the U.S."

Pennsylvania
Statutory restrictions upon the purchase of steel and aluminum manufactured in foreign countries found to discriminate against Pennsylvania products.

Tennessee
Apparently in response to the shift in policy by the Federal Highway Administration, Tennessee recently adopted an administrative restriction on foreign steel purchases.

District of Columbia
Federal Buy American Act applies.

II. States without Intentional Buy American Policies

Alaska
No restrictions, but grants 5% preference to Alaska bidders.

Arizona
No restrictions, but grants 5% preference to Arizona bidders.

Arkansas
No restrictions, but grants 5% preference to Arkansas bidders.

California
No restrictions. By judicial determination, the California Buy American Act and the California Preference Law have been declared unconstitutional (See analysis on page 5).

Connecticut
No restrictions.

Delaware
No restrictions.

Florida
No restrictions.

Kansas
No restrictions. Buy American bill defeated in state legislature last year.

Michigan
No restrictions.

Missouri
No restrictions, but grants preference to in-state firms and products.

Nebraska
No restrictions.

Nevada
No restrictions, but grants preference to in-state merchandise and suppliers.

New Mexico
No restrictions, but grants 5% preference to in-state materials and suppliers.

North Dakota
No restrictions, but grants preference to "resident bidders and sellers."

Ohio
No restrictions.

Oregon
No restrictions.

Rhode Island
No restrictions.

South Carolina
No restrictions.

South Dakota
No restrictions.

Texas
No restrictions. Buy American highway specifications invalidated by litigation (*Texas Highway Commission* v. *Texas Association of Steel Importers, Inc.*, 372 S.W. 2d 525 [Texas, 1963]).

Utah
No restrictions.

Vermont
No restrictions.

Virginia
No restrictions.

Washington
Specifications provide preference for American-made highway and bridge construction materials, but in practice Washington's policies are generally considered nondiscriminatory.

West Virginia
No restrictions, but grants preference to in-state suppliers.

Wisconsin
No restrictions, but grants preference to in-state suppliers.

Wyoming
No restrictions, but grants 5% preference to in-state suppliers.

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MAR 29 1973

SUMMARY

The United States and the Developing Nations: Agenda for Action
Project Director: Robert E. Hunter

1. The Main Theme

International politics and power relationships are changing, with security concerns giving way to economic issues among nations. This change will require the United States and other rich nations to pay far greater attention to the needs and desires of many developing countries than ever before.

Therefore, the United States and other rich countries are facing real choices in their relations with poor countries: they can seek the broadest possible cooperation on common problems, or they can see relations increasingly drift into acrimony and discord. The former course is clearly preferable. But following it will require much greater attention by the rich to the needs of the poor--for reasons of morality, self-interest, and the development of effective international institutions.

2. International Monetary Reform

The United States needs a reformed international monetary system which will help achieve a solution to its balance-of-payments difficulties and contribute to a smoother functioning international economy.

The international monetary reform package now being negotiated should also be designed to meet the needs of the poor countries for two reasons: (1) their more effective integration will make the system more efficient for all participants; (2) they now have enough voting power within the IMF to defeat any proposal with which they disagree. Another important issue is posed by the oil-producing states, which are accumulating large monetary reserves.

3. Trade

The long-range interest of the United States lies in an open trading system, and the negotiations now under way are a key element in attempts to increase U.S. exports. Another part of the U.S. export drive should be promotion of greater sales to the developing areas on the basis of concessional credits.

The developing countries' interests in the trade negotiations is strong, since they get far more resources from trade than from aid. Poor countries should have an important role in the design of the new trading system because:

a. Developing countries provide substantial markets for rich-country goods.

b. Many developing countries are now producing manufactured goods for rich-country markets, with major effects on the internal economies of the rich.

c. Many of the commodities produced in developing countries are required in increasing quantities by the rich. The list begins with energy supplies and extends to other minerals and agricultural products.

d. Developing countries may be able to develop a "comparative advantage" in absorbing pollution, which could affect the relative prices of goods in international trade.

In a reformed world trade system, (1) the manufactured exports of poor countries should be extended preferential treatment by the United States; (2) all their exports should benefit from the long-run liberalization of trade hoped for from the coming round of trade negotiations; and (3) the rich countries, especially the United States, must make more effective adjustments to rising imports from poor countries.

The United States should avoid a return to protectionism by adopting truly effective systems of assistance for affected U.S. workers and industries, as well as multilaterally-agreed import safeguards.

4. Investment in the Poor Countries

The rich countries gain considerable profits from investment in the developing world, and many poor countries gain certain benefits for development. However, the relationship is now strained. In particular, much greater attention must be paid by both rich and poor countries to the emerging role of multinational corporations in the developing world.

To permit the most harmonious relations possible between companies and host governments, it is important to begin working out agreed "rules of the road." In addition, the United States should reconsider its policies of promoting foreign investments abroad, as well as its policies for protecting U.S. investments in order to better advance the interests of all.

5. New Ways of Transferring Resources to the Poor Countries

Traditionally, resources are transferred from rich countries to poor through trade, aid, and investment. Now, there are other means available. One of these is the IMF's Special Drawing Rights. This new "paper gold," originally designed to increase liquidity in the international system, also can be used to provide additional resources for developing countries. Another is rescheduling or otherwise alleviating the increasingly heavy burden of debt faced by the poor countries (which is in some cases outstripping new economic assistance). The United States should work with other rich countries to find ways of solving this problem. Finally, the United States should help promote the direct access of poor countries to private money markets in rich countries, the traditional source of borrowing by foreign governments.

6. Energy

The United States is becoming more dependent on foreign sources of energy. In order to ensure a continued supply of fossil fuels, the United States must seek new modes of cooperation, not confrontation, with producer states. Specifically, the United States should (1) work for cooperation with other rich-country consumers; (2) avoid a direct confrontation with producer states; (3) continue working to ameliorate the Arab-Israeli conflict; and (4) increase the incentives that oil-rich states have to sell their oil by drawing these states more fully into the general workings of the international economic system.

7. The Seas

Later this year the United Nations will be convening a Law of the Sea Conference that will be concerned particularly about the uses of the resources of the oceans. The issues before the conference are a kaleidoscope of competing and shared interests between the rich countries and the poor countries. In 1970 the U.S. Government proposed a far-sighted treaty governing exploitation of mineral resources in the ocean, but now is under some domestic

pressure to retreat from this proposal. The United States should build on its beginning, to ensure that the resources of the seas are shared equitably, in order to minimize the risks of a cut-throat competition that will be in no nation's long-term interest.

8. The Environment

Concern over the environment arose first in the rich countries where pollution is the greatest. The developing countries long questioned giving environmental problems priority over their own pressing problems of mass poverty and deprivation. The issues came together at last year's U.N. Conference on the Human Environment at Stockholm, which resulted in increased recognition by the developing world of environmental problems and explicit acknowledgment by the rich that poverty is also a problem of the human environment. The United States has a long-range interest in seeing environmental problems attacked on an international basis. With the recognition that threats to the environment are still largely local or national, the United States should support the work of the U.N. Environmental Secretariat established by the U.N. Conference on the Human Environment last year. In so doing, the United States should acknowledge the poor-country emphasis on development, rather than on pollution control. Above all, we should help to gather the data required to make intelligent estimates of the extent and effects of threats to the environment, since this information is very limited at present.

9. Population

Research now available indicates that there is a close relationship between the development of poor countries and their ability to stem population growth. The experience of several countries indicates that the right set of social policies will also help to increase the motivation of individuals to limit family size. The United Nations has designated 1974 as Population year; its high point will be a major international conference on population problems. The United States should join in these U.N. efforts, in particular by (1) continuing its own forward-looking family planning programs, both domestically and internationally; (2) supporting the efforts of other nations to bring population growth under control; and (3) contributing to the increasing understanding that there is a close relation between the development of poor countries and motivation for smaller families.

10. Development Assistance

Support in the United States--and especially in Congress--for economic development assistance continues to fall. U.S. bilateral programs in particular need to be re-examined with regard to purpose, amount, and administration. The United States should take certain actions without waiting for the outcome of this review. First, it should maintain its multilateral and bilateral economic assistance at a level at least sufficient to promote the still growing development assistance of Western Europe and Japan. Second, the United States should initiate and play a leading part in a multilateral effort for Indochina's economic rehabilitation. Hopefully, this effort will encourage greater cooperation among the countries of Indochina. Third, it should centralize and strengthen the administration and coordination of all U.S. programs and policies dealing with overseas development.

Economic aid may now be relatively less important compared to trade, but it still remains vital (1) to help transfer resources to the poorest developing countries, whose populations total over 1 billion people, and (2) to help poor countries solve particular development problems, such as reducing population growth or carrying out effective rural development programs. The United States also has an obligation to other rich countries which are carrying their fair share of a common foreign economic aid burden, while we are no longer. And we should increase the share of our aid administered through multilateral institutions.

11. Security Assistance

The United States supports a variety of programs thought to help developing countries with their security problems. All of these programs should now be thoroughly reviewed in the light of changes in international politics. In addition, legislative consideration of economic and military aid should be completely separated from one another, and the United States should consider reducing its security assistance programs.

12. Trends in the Developing Countries

Americans should be aware that a number of developing countries have had very substantial economic growth, with GNP expanding by as much as 10 per cent a year, and are graduating from the list

of countries that need aid on concessionary terms. However, a larger group of poorer low-income countries with good development prospects continue to need large amounts of highly concessional aid, as well as improved access to rich-country markets and resources.

Despite unprecedented increases in output during the 1960s in Asia, Africa, and Latin America, the problems of growing unemployment, widening income disparities, unprecedented population growth, and rural to urban migration are nevertheless worsening in most developing countries. High rates of population growth are a primary factor underlying each problem, but inappropriate policies on the part of rich and poor countries have aggravated them. Accelerated economic growth is required. Equally important, however, is the need for broader participation of the poor in the development process and better distribution of goods and services to all. With appropriate policies, such efforts can increase economic growth rather than retard it.

13. Statistical Annexes

The annexes present a clear picture of the gap between rich and poor countries, trade and economic relations between the developing and developed world, the nature and amount of U.S. development assistance, and how it compares to that of other rich countries. In particular, the tables show that U.S. foreign economic assistance is low relative to that of other rich countries in terms of national income, and has an insignificant impact on our balance of payments.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

memorandum

MAR 16 1973

The League of Women Voters of the United States

March 13, 1973

TO: Local and State League Presidents &
Local and State League International Relations Chairmen

FROM: Ruth Hinerfeld, International Relations Chairman

SUBJECT: World Trade Week

Every year since 1934, a Presidential Proclamation has set aside a week late in May as World Trade Week. The purpose of this special week is to call attention to the importance of world trade in American life. In past years, Leagues have often cooperated with other organizations in their communities in various World Trade Week activities.

The Chamber of Commerce has asked for the League's cooperation and participation in planning community programs for World Trade Week, 1973. If you would like to help in this community project, contact your local Chamber of Commerce. World Trade Week is an excellent opportunity for Leagues to share what they have learned in the trade study and keep interested members active and involved.

The dates for the 1973 World Trade Week have not yet been set, but it is expected to be the week of May 21.

State Barriers to World Trade

UNITED STATES—JAPAN TRADE COUNCIL
1000 Connecticut Avenue, NW, Washington, D.C.

Introduction

THE FUTURE course of America's trade policy remains uncertain as U.S. policy-makers wrestle with current trade and payments deficits. The first multilateral trade negotiations since the Kennedy Round a decade ago are scheduled to begin this fall, with the dismantling of nontariff barriers as one of the principal objectives.

In view of the general desire for a worldwide reduction of trade restrictions, the recent upsurge in state and local Buy American activity is a disappointing and deeply disturbing development. Buy American statutes and administrative regulations are proliferating—in some cases with the tacit encouragement of the Federal government—even though these practices have been declared unconstitutional and represent flagrant nontariff barriers to international trade.

The Constitution grants to Congress the exclusive power to regulate foreign commerce. Considerations of national security, economic development, and common sense convinced the Founding Fathers that American foreign economic policy should be formulated and implemented at the national level, and *only* at the national level. Congress has exercised its authority accordingly, as has the Executive in negotiating multilateral trade agreements and treaties.

State and local Buy American practices are obvious and harmful exceptions to this long-standing principle. Since the adoption of the Trade Agreements Act in 1934, a total of six American presidents have rejected the path of protectionism and have labored to dismantle U.S. trade barriers. But in spite of this bipartisan liberal trade policy at the national level, restrictive or closed bidding practices have survived and flourished in the states.

State Barriers to World Trade

Existing State Restrictions

At least 23 states currently impose substantial restrictions on the purchase of foreign-made goods for public projects. Some of these restrictions apply to local governmental units within the states as well.

Businessmen seeking to supply foreign materials to a state project are confronted by an array of bureaucratic practices that lack uniformity and are often arbitrarily administered. Some states (e.g. Alabama, Massachusetts and Illinois) virtually ban the purchase of certain foreign-made materials, particularly fabricated steel products. Many others (e.g. Alaska, Arkansas and New Mexico) give preferential treatment to in-state materials and suppliers. This in-state and/or domestic preference approach is widespread, and may feature a preference for in-state contractors if the price and quality standards of their bids are equal to those of out-of-state or foreign contractors; fixed percentage price differentials favoring the in-state bidder (usually ranging from three to six percent); or discretionary authority without guidelines which permits state purchasing officials to discriminate against a foreign bidder.

Some states treat a product as foreign—and thus subject to restrictions—if any component part was manufactured abroad. Other states may formally deny the existence of a Buy American policy, but in practice set a prohibitively brief time for the submission of bids. Other restrictive practices include the requirement that the goods be in the United States at the time of bidding, and insistence on overseas inspection or testing at the supplier's expense.

Perhaps the most imaginative device to exclude foreign-made products is a Pennsylvania statute providing that no aluminum or steel shall be purchased if manufactured in foreign countries "which discriminate against suppliers, equipment or materials manufactured in Pennsylvania." Under the terms of this curious statute, which was enacted in 1968 but has not yet been implemented, a "foreign registry docket" of nations allegedly practicing discrimination against Pennsylvania products shall be kept in Harrisburg, the state capital, and "reciprocal restrictions" may be imposed accordingly. At this writing, no proceeding to challenge the constitutionality of the Pennsylvania law has been initiated.

For the results of a recent state-by-state survey of Buy American policies, see the tables on pages 9-12.

MAR 26 1973

Campaign for New Restrictions

Georgia, Tennessee and Colorado provide the most recent examples of the application of restrictions on imports. In each case, the state highway department has imposed within the last year either a flat prohibition on the procurement of foreign goods or has saddled importers with extra and unreasonable administrative burdens. Some observers maintain that this latest flurry of Buy American activity can be traced to a decision last year by the Federal Highway Administration to withdraw an earlier unimplemented directive to the states not to adopt Buy American policies beyond the Federal government's own restriction (which as a general rule allows domestic suppliers a six percent cost differential). Since the FHA action, Georgia and Tennessee have put Buy American policies into force administratively, and similar moves are reportedly under active consideration in Oklahoma and Arkansas. Colorado has adopted a sweeping restriction, which specifies that all materials incorporated in highway projects must be produced or manufactured in the United States.

In addition to this administrative activity, an unprecedented number of Buy American bills have been introduced in the state legislatures. While no action has been taken on the vast majority of these proposals, the protectionist campaign to undermine the beneficial effects of an open bidding system continues in many states with considerable support from domestic industries and labor unions.

Objections to Buy American Laws

It is the consensus of opinion among trade policy-makers that state Buy American policies are 1) contrary to the objectives of U.S. foreign economic policy, 2) unconstitutional, and 3) costly to taxpayers and inimical to the economic interests of the United States and the states involved.

Contrary to U.S. Trade Policy

Like his predecessors dating back to Franklin Roosevelt, President Nixon supports reduction of tariff and nontariff barriers, promotion of trade on an equitable basis, and strengthening the U.S. competitive position in the world marketplace.

The policy objections to restrictive state policies were well

summarized by Edwin M. Cronk, then Deputy Assistant Secretary of State for International Trade Policy, in a telegram on March 31, 1971, to the Connecticut League of Women Voters:

> Buy American policies have a direct impact on our overall national trade policies and interest, and affect the conduct of foreign affairs. Such policies are of direct concern to the U.S. Department of State.
>
> As you know, the Supreme Court of the United States has frequently held that the grant by the Commerce Clause of Congressional power over interstate and foreign commerce prevents the states from interfering with that commerce by placing more onerous burdens or restrictions on the products of other states or foreign countries than they place on their own products. The Department of State is of the opinion that this bill [a proposal to prohibit state and local procurement of foreign steel and iron products], if enacted, would so burden foreign commerce as to be invalid under the Commerce Clause of the U.S. Constitution (Article 1, Section 8) and under the so-called Import-Export Clause (Article 1, Section 10) which generally precludes states from taking restrictive action in the field of foreign trade, whether by duty or otherwise.
>
> The adoption of a Buy American law by any state government, furthermore, would establish a barrier to international trade by unilateral action. The reaction of foreign countries might be expected to include imposition of restrictions on United States exports. This would run directly counter to the efforts of the U.S. government to support a beneficial expansion of world trade, including the further opening of markets for U.S. exports.
>
> The U.S. Government is endeavoring, for example, to improve access for American goods in foreign official procurement markets. State action to impose a Buy-American preference in order to limit the access of foreign goods to our markets would be cited as a protectionist device imposed by the United States at a time when we are seeking reduced protectionist policies by other nations in this area of activity.

With a new round of multilateral trade talks scheduled to begin in September 1973, American negotiators will be pressing U.S. trading partners to dismantle their tariff and nontariff barriers, including in some cases their discriminatory procurement practices. State Buy American statutes and regulations thus contradict this country's objectives in the upcoming negotiations and threaten to undermine its efforts to obtain meaningful concessions at the conference table. Foreign governments can be expected to defend their own

"Buy National" restrictions by citing the network of trade barriers in many American states. In sum, whether it takes the form of retaliation or a refusal to reduce foreign barriers, the inevitable result of state restrictions on imports is to endanger the American export effort at a time when—given the growing U.S. trade deficit—export expansion must be viewed as a high-priority goal of U.S. trade policy.

Unconstitutional

State laws and regulations limiting public purchases to domestic sources can clearly affect "commerce with foreign nations, and among the several States" and therefore infringe upon the express and exclusive power of Congress to regulate foreign commerce (Article 1, Section 8 of the Constitution). Every court in recent years to consider state Buy American measures has declared them invalid.

In Balwin-Lima-Hamilton Corp. v. *Superior Court*, 208 Cal. App. 2nd 803 (1962), a California court ruled that the General Agreement on Tariffs and Trade (GATT) and the Treaty of Friendship, Commerce and Navigation with Japan superseded the California Buy American Act.

Perhaps the most important decision dealing with the constitutionality of state Buy American legislation is the decision in the case of *Bethlehem Steel Corp.* v. *Board of Commissioners*, 276 A.C.A. 266 (1969), by the Court of Appeal of California. The case involved a clear-cut and direct challenge to California's Buy American Act, and was resolved in a clear-cut and direct determination that the statute was incompatible with the Federal Constitution.

In 1966 the Department of Water and Power of the City of Los Angeles awarded contracts for structural steel beams and steel components for electrical transmission towers to the two companies submitting the lowest bids, both of which were going to use Japanese steel. Two unsuccessful bidders for the order, Triangle Steel and Supply Company and the Bethlehem Steel Corporation, sued to enjoin the Water and Power Department from awarding the contracts to the suppliers of foreign steel, arguing that the California Buy American Act required the Department to buy American-made steel for the construction in question. The Los Angeles Superior Court declined to prevent performance of the contract, and at a later hearing declared the California Buy American Act unconstitutional.

Bethlehem appealed to the Court of Appeal of the State of

California, which issued a decision in 1969 confirming the decision of the Superior Court that the California statute was unconstitutional. After reviewing the revelant Supreme Court decisions and even the Federalist Papers for guidance on what was admittedly a novel issue for it to determine, the Court concluded that the power of the Federal Government in the field of foreign affairs is "inherent, exclusive and plenary." The California Buy American Act usurped and interfered with the Federal government's authority, and, consequently, was impermissible.

The Court's opinion included the following passage:

> Only the federal government can fix the rules of fair competition when such competition is on an international basis. Foreign trade is properly a subject of national concern, not state regulation. State regulation can only impede, not foster, national trade policies. The problems of trade expansion or non-expansion are national in scope, and properly should be national in scope of their resolution. . . . These are delicate matters. If state action could defeat or alter our foreign policy, serious consequences might ensue. The nation as a whole would be held to answer if a state created difficulties with a foreign power.

The California Supreme Court subsequently declined to review the Court of Appeal's decision, which remains as the law in the State of California.

Costly and Inefficient

It is a basic economic principle that competition reduces prices, spurs innovation, and benefits the consumer. When a state government limits itself to domestic or in-state suppliers, its procurement costs increase correspondingly. By discouraging open and vigorous competition among bidders, a state in effect subsidizes certain special interests and passes on the increased costs to the taxpayer. Economists are in virtually unanimous agreement that Buy Americanism is inflationary, trade-restrictive, and generally contrary to a state or nation's best interests.

Professor Paul Samuelson of the Massachusetts Institute of Technology, for example, told the *National Journal* (August 8, 1970) that he regards these policies as "inefficient", and went on to recommend that they be phased out "even though it would have as its first consequence a worsening of the balance of payments." Lawrence Krause, a senior fellow at the Brookings Institution, has labeled Buy American policies "very bad from the standpoint of world trade," and

has warned that they would likely work to the disadvantage of the United States. A Canadian economist, Professor M. S. Noorzoy of the University of Alberta, has written that:

> To the extent that the (Buy American) policy is effective, it misallocates domestic resources. It leads to higher domestic prices and oligopolistic firms. Theoretically, it is quite feasible for such firms to raise their bidding prices to the limits of the Buy American price differentials without fear of losing government contracts. The policy is also an instrument of subsidizing inefficiency in small domestic firms. It undoubtedly raises government procurement costs and leads to higher taxes. Moreover, to the extent that dutiable imports are restricted, the government loses tariff revenues.

In a June 1972 study prepared for the Joint Economic Committee, Professor J. David Richardson of the University of Wisconsin summarized his objections to Buy American as follows:

> The central conclusion of the analysis of this study is that the policy is always in part self-defeating and may under some circumstances be perverse in its effects. The reason is that "Buy American" policy is not applied across all sectors of the economy, but is directed only to the government sector. When domestically produced and foreign commodities are at all competitive (substitutable in consumption or use), the same policy which discriminates against foreign suppliers in the government sector discriminates in favor of foreign suppliers in the private sector. The mechanism underlying this conclusion is that decreased purchases of imports and increased purchases of domestic goods by the government sector tends to lower import prices and raise domestic prices, leading the private sector to substitute away from domestic suppliers and toward imports. The upshot is that economywide imports are discouraged less than government imports alone, and if incomes of domestic producers are subsidized at all, the extent of subsidization is less than would be indicated by focusing on government purchases alone. In fact, the possibility that a "Buy American" policy actually reduces the incomes of domestic producers is shown to exist.

Conclusion

Despite the persuasive legal, economic, and foreign policy arguments against Buy American policies, the politics of the problem make it extremely difficult for state legislators and other state officials to resist industry-labor pleas for protection against foreign competition. A record U.S. trade defi-

cit in 1972, high unemployment, and leverage wielded by business and union lobbyists in the various state capitals have combined to give new momentum and respectability to the Buy American movement. What is needed to defeat Buy American proposals is strong leadership by the U.S. Government, a more effective public information effort by liberal trade groups, and most important, a recognition on the part of American taxpayers and consumers that ultimately they foot the bill for these trade-restrictive policies through increased taxes and higher prices.

Buy National practices, both foreign and domestic, work to the economic disadvantage of all nations. One of the primary objectives of the upcoming round of international trade negotiations should be agreement on uniform criteria for government procurement, with the long-term objective of dismantling Buy National and all other nontariff barriers.

MARCH, 1973

Note: The following information is based upon responses by 46 states and the District of Columbia to a December 1972 questionnaire sent by the United States-Japan Trade Council to all state attorneys general and highway administrators.

I. States with Intentional Buy American Policies

Alabama
Code of Alabama requires the use of U.S. materials "if available at reasonable prices." Highway Department prohibits purchase of foreign steel in state highway and bridge construction.

Colorado
State recently adopted administrative restriction which specifies that "all materials incorporated in the (highway) project must be produced or manufactured in the U.S."

Georgia
Statutory preference for "goods manufactured in the State or to local sellers where bids submitted are otherwise equal." Highway officals recently rescinded a ban on imported materials and substituted a set of discriminatory inspection procedures governing the purchase of imported steel.

Hawaii
Hawaii statute establishes preference for American products: "In all expenditures of public money for any public work or in the purchase of materials or supplies, preference shall be given to American products, materials and supplies."

Idaho
Apparently without statutory basis, bids feature a clause restricting use of foreign materials.

Illinois
No state-wide policy, but Department of Transportation imposes a flat prohibition on foreign-made steel and other metals in highway and bridge construction.

Indiana
No Buy American statutes, but the Department of Administration has "a strong preference for American-made products" and the Highway Commission gives its district offices broad discretionary authority in procurement matters.

Iowa
State Highway Commission bans procurement of foreign-made structural steel for bridge construction.

Kentucky
Did not reply to questionnaire, but a state official said in 1969 that "we discourage all agencies from requesting foreign-made products. We believe very strongly that we should purchase domestic-manufactured products when they meet our requirements."

Louisiana
Department of Highways limits all fabricated steel purchases to American-made products.

Maine
While there are no formal restric-

tions, the Bureau of Purchases "reserves the right at any time to reject any and all bids on foreign-made products if it is not in the best interest of the State to purchase same."

Maryland
No statutory restrictions, but State Highway Administration specifies "domestic, not foreign, steel and cement." (Before 1971, regulations prohibited the use of foreign-made materials.)

Massachusetts
Statutory preference for in-state products first, and then for American-made products. Department of Public Works stipulates that "Structural steel regardless of its source shall be fabricated in the U.S.A."

Minnesota
Highway Department stipulates that all cement and all iron and steel products "shall be of domestic manufacture."

Mississippi
State Highway Department specifications provide that "only domestic steel and wire products" may be purchased for road and bridge construction.

Montana
By both statute and administrative memorandum, Montana gives preference to American and in-state products and manufactures.

New Hampshire
No state-wide policy, but Department of Public Works and Highways specifies that "all structural steel shall be restricted to that which has been rolled in the U.S."

New Jersey
Statute limits procurement of foreign materials, with narrowly defined exceptions. This restriction applies to all state contracts and to those for which the state pays any part of the cost.

New York
Apparently without statutory basis, New York State specifications include a flat prohibition on foreign goods in general purchases, and a preference for American-made materials in the construction of highways and public buildings.

North Carolina
No statutory restrictions on purchase, but under highway specifications overseas testing and inspection costs of structural steel products must be borne by the contractor.

Oklahoma
Statute provides that all State departments and agencies shall give preference to "goods and equipment manufactured or produced in the U.S."

Pennsylvania
Statutory restrictions upon the purchase of steel and aluminum manufactured in foreign countries found to discriminate against Pennsylvania products.

Tennessee
Apparently in response to the shift in policy by the Federal Highway Administration, Tennessee recently adopted an administrative restriction on foreign steel purchases.

District of Columbia
Federal Buy American Act applies.

II. States without Intentional Buy American Policies

Alaska
No restrictions, but grants 5% preference to Alaska bidders.

Arizona
No restrictions, but grants 5% preference to Arizona bidders.

Arkansas
No restrictions, but grants 5% preference to Arkansas bidders.

California
No restrictions. By judicial determination, the California Buy American Act and the California Preference Law have been declared unconstitutional (See analysis on page 5).

Connecticut
No restrictions.

Delaware
No restrictions.

Florida
No restrictions.

Kansas
No restrictions. Buy American bill defeated in state legislature last year.

Michigan
No restrictions.

Missouri
No restrictions, but grants preference to in-state firms and products.

Nebraska
No restrictions.

Nevada
No restrictions, but grants preference to in-state merchandise and suppliers.

New Mexico
No restrictions, but grants 5% preference to in-state materials and suppliers.

North Dakota
No restrictions, but grants preference to "resident bidders and sellers."

Ohio
No restrictions.

Oregon
No restrictions.

Rhode Island
No restrictions.

South Carolina
No restrictions.

South Dakota
No restrictions.

Texas
No restrictions. Buy American highway specifications invalidated by litigation (*Texas Highway Commission* v. *Texas Association of Steel Importers, Inc.*, 372 S.W. 2d 525 [Texas, 1963]).

Utah
No restrictions.

Vermont
No restrictions.

Virginia
No restrictions.

Washington
Specifications provide preference for American-made highway and bridge construction materials, but in practice Washington's policies are generally considered nondiscriminatory.

West Virginia
No restrictions, but grants preference to in-state suppliers.

Wisconsin
No restrictions, but grants preference to in-state suppliers.

Wyoming
No restrictions, but grants 5% preference to in-state suppliers.

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1730 M STREET, N.W., WASHINGTON, D.C. 20036

League of Women Voters Education Fund

INTERNATIONAL RELATIONS
WRAP-UP

January, 1973

HIGHLIGHTS OF THE 27th GENERAL ASSEMBLY SESSION OF THE UN

The 27th session of the United Nations General Assembly ended with a mixed sense of accomplishment and failure. The New York Times commented that "it is a sad commentary on the current state of international cooperation for peace that the Assembly was probably most helpful when it did nothing, as in the case of Korea where tentative moves toward a North-South detente are best served by silence at Turtle Bay" (rather than the customary debate on the question of UN forces in Korea). Although the Assembly passed resolutions furthering the UN role in areas of technical and scientific, economic and social cooperation, the problems of peace keeping and security remained resistant to UN action.

Few of the resolutions passed in this General Assembly were new. Most dealt with such familiar subjects as disarmament, colonialism, the Middle East, nuclear testing and the problem of refugees. The Middle East debate was long and angry, with most of the anger and proposals directed against Israel, but the final resolution seems to have been tempered sufficiently so that, despite Israeli protests, many observers feel it will not stand in the way of a new United States peace initiative expected next year.

The war in Vietnam was a frequent theme of debate at this session of the General Assembly but no action was taken. The General Assembly ended on a note of despair: Assembly President Stanislaw Trepczynski of Poland said at the closing session that continuation of the war in Vietnam "jeopardizes the future of detente and carries the grave risk of increased tensions in international life."

In her first complete General Assembly session, China continued and sharpened her feud with the Soviet Union, with abusive language often enlivening otherwise dull debates. Early in the session, Bangladesh's application for UN membership was vetoed by China in the Security Council.

Surprisingly, the U.S. and China found themselves alone on the same side of the fence on a Soviet-sponsored initiative to hold a world disarmament conference. China held that the first need is military withdrawal and antinuclear pledges by the Soviets and the U.S. The U.S. contended that the proposed conference would be ineffective and would accomplish nothing, that it would be a propaganda rather than a disarmament forum. But when the General Assembly voted (150-0) to create a committee of 35 to study the possibility of convening a general disarmament conference, China had been persuaded to vote for the resolution and the U.S. stood alone in abstention. In another disarmament resolution, the use of napalm in armed conflict was deplored by a vote of 99-0. The U.S. and some other Western nations were among the 15 abstentions.

The nuclear testing resolutions were generally directed at China and France, the only nuclear countries not party to the partial test ban treaty. They are still engaged in nuclear testing above ground. In a debate which dealt with the urgency of ending all atmospheric testing in the Pacific and elsewhere, the Phillipine representative, Carlos P. Romulo, remarked, "If nuclear testing is as harmless as one power says it is, I suggest they hold their tests off the Riviera. It should provide a notable tourist attraction."

In December, when Ambassador George Bush prepared to leave the UN to become Republican National Chairman, he could say to incoming U.S. Ambassador John Scali that the United States had won one and lost one.

The U.S. victory at the UN came as a result of an all-out campaign at the UN, in Washington and in capitals around the world to have its share of assessments for the UN budget trimmed from 31.5% to 25% of the total. Assessments of member states are based broadly on ability to pay. The U.S. proposed that a ceiling of 25% be imposed on the contribution of any single member state, and this view prevailed over bitter Soviet opposition,

81 to 27. Throughout the debate, the U.S. maintained that this cutback was not being taken out of pique, in retaliation for the U.S. loss in its effort to keep Taiwan in the UN last year and that it did not indicate a lessening of U.S. interest in or support for the UN. The U.S. will save $13 million. To help get the 25% regular budget rate through the General Assembly, U.S. delegates promised privately and publicly that the U.S. share of voluntary contributions would rise to compensate for the cut in assessed funds.

The U.S. loss came in the attempt to promote strong international action against terrorism. On this issue, considered by many the most central of this session, the U.S. worked to have the Assembly convene an international conference that would take measures against international terrorism. The Algerian-sponsored resolution that finally passed (76-35-17) provides for a committee of 35 nations to study the underlying causes of terrorism. It does not condemn terrorist acts or commit the UN to action that would outlaw them. The U.S. and other Western nations do not feel that this approach is sufficiently urgent.

The terrorism item was opposed from the beginning by Arab and African countries who said it infringed on the rights of liberation groups. This vote, like others at the General Assembly, demonstrated that the smaller countries of the world - in Africa, Asia and Latin America - have the votes to dominate any issue at the UN. When the developing countries decided to locate the headquarters of the new UN environmental agency in Nairobi, Kenya and the Conference of the Law of the Sea in Santiago, Chile, their resolutions were adopted by wide margins. On the other hand, a resolution to protect journalists in war zones, for which the French worked tirelessly, was viewed as of importance only to Western countries and deferred to a future session.

In other significant actions the 27th General Assembly voted to:
- Set up the first machinery for dealing with problems of the human environment on a global scale. The General Assembly endorsed the recommendations of the Stockholm Conference on the Human Environment, and established a new Environment Secretariat to be headed by Maurice F. Strong and situated in Nairobi, Kenya.
- Convene a Conference on the Law of the Sea, to begin at the UN in November, 1973 and resume in Chile in 1974. A major aim will be to write a treaty for the development and sharing of the ocean's mineral resources as a "common heritage of mankind." Critical decisions will also be made affecting fishing rights, freedom of navigation, pollution control and more than 20 other issues.
- Establish a United Nations university, a network of postgraduate research and training schools scattered around the world. The projected university would have no main campus, degree-granting power, or students and faculty in the traditional sense. Its chief purpose would be the study of "urgent questions facing humanity as a whole, such as peaceful coexistence, human rights, development and the global implications of science and technology."
- Designate 1975 as International Women's Year, to be devoted to promoting equality between men and women throughout the world.
- Adopt a budget of $225.9 million for the coming year.

Reading Suggestion

"The U.S. and the U.N.: Can We Do Better?" by Richard Gardner. Single copies available free from the American Assembly, Columbia University, New York, New York 10027.

League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D. C. 20036

May 29, 1973

TESTIMONY BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
ON HR 6767, TRADE REFORM ACT OF 1973

by
Lucy Wilson Benson
President, League of Women Voters of the United States

Mr. Chairman, members of the committee, I represent the League of Women Voters of the United States, a volunteer citizens' organization of 1,350 Leagues with approximately 150,000 members in the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. We are pleased to have this opportunity to present the views of our members on several major issues of trade policy now being considered by this committee.

The League first spoke out for liberal trade policies almost four decades ago. Since then we have demonstrated our support for those policies by working for every extension of the Trade Agreements Act of 1934, the General Agreement on Tariffs and Trade, and the Trade Expansion Act of 1962. We will continue to demonstrate our support by working for liberal trade legislation in 1973. And we will do so not because we cling to our traditional position but because our members have recently reaffirmed that position in the context of current economic developments.

In the 1930's League members became convinced that an international orientation in political and economic matters is also in the best national interest of the United States. Now, after a year-long study, Leagues have concluded that the practical arguments for a liberal trade policy are still valid: trade expansion stimulates economic growth at home and abroad, increases consumer choice, and contributes to improved international political relations. We know there are many who consider a liberal trade policy a luxury item -- nice when you can afford it, expendable when you cannot. But we submit that such a policy is a necessity not a luxury -- equally important to international economic and political relations whether the going is tough or easy.

And we are under no illusion that the going is easy. It was relatively easy for the United States to pursue a liberal trade policy after World War II when this country was the world's leading exporter and the world's leading creditor; it was easy when Europe was a fragmented and prostrated continent and when Japan was just recovering from the war. It was easy to be a free trader when there was little competition around. It is not so easy now.

Item: Our trading partners are strong, their economies are booming; they appear formidable across the bargaining table.

Item: Foreign industries which we helped build up after the war have, in many cases, surpassed their U.S. counterparts and their products have penetrated markets all over the world.

Item: In 1971 and 1972, the U.S. had the largest trade deficit in this century; the unemployment rate hovers between 5 and 7%; as factories close and companies relocate in many industries, not always because of imports, communities and workers suffer.

What should be done in the face of these facts: Will Congress accept the counsel of those who would have us withdraw behind the tariff and quota walls of Fortress America? Expert opinion is readily available on all sides of the question. Figures and charts have been marshalled for and against restricting imports; for and against the activities of multinational corporations. We did not bring you our own army of facts -- although we have studied many -- because we believe that the answers to this country's economic problems are not to be found in quantitative data alone, but more so in the questions interested groups and public officials dare to raise and in the choices they are willing to make.

For example:

- Are imports the major cause of economic dislocation in this country or are there other factors such as changes in taste and technology?

- Are import restrictions the answer to our problem or will they create more problems than they solve? Are there alternative ways to help industries and workers hurt by import competition?

- How can we become more competitive? Should we continue to produce what we produced in the past or should we take a new look at what we do best and what we must do better?

- Should the United States develop new policies to regulate the activities of multinational corporations?

During the past year, Leagues all over the country studied these questions. It is on the basis of their findings that I would like to comment on the Trade Reform Act of 1973. I will confine my remarks to three areas of concern to the League: first, the President's request for extensive negotiating authority; second, proposed adjustment policies; and third, the provisions relating to the international obligations of the United States.

Trade Negotiating Authority

The League is convinced that the public interest is best served by a trade policy which promotes the freest possible exchange of goods and ideas across national borders. In accordance with this position, we support the systematic reduction of trade barriers through multilateral negotiations. We support the principle of reciprocity in trade agreements except when political and economic considerations call for special trade concessions to developing countries. We favor the extension of most-favored-nation status to countries with non-market economies. And, with some modification in taxation policy, we feel that the activities of multinational corporations should not be unduly restricted.

The Trade Reform Act of 1973 authorizes the President to enter into trade negotiations for a period of 5 years and, pursuant to a trade agreement, to increase or decrease tariffs without limit. This request for negotiating authority is timely and essential in view of the forthcoming multilateral negotiations. We agree with you, Mr. Chairman, that the President needs extensive authority in order to get the fairest deal for the United States. We would question, however, whether unlimited authority, up or down, is in fact necessary to ensure negotiating flexibility. The League supports the systematic reduction of trade restrictions through multilateral negotiations. We favor giving the President authority to eliminate tariffs, but recommend that Congress place a ceiling on the power to raise tariffs. Authority does not have to be symmetrical; rather, it has to be related to the purposes it has been directed to accomplish -- and Congress should establish those purposes.

The President is also requesting authority to negotiate on non-tariff barriers. With the progress that has been made in reducing tariffs, we have become increasingly aware of the pervasiveness of non-tariff distortions in international trade and the need to reduce or eliminate them. But negotiation in this area is particularly difficult because non-tariff barriers are difficult to quantify, because they are frequently entrenched in domestic laws and, most basically, because they take so many different forms -- quotas, government procurement policies, technical, health and environmental regulations. For these reasons, it is difficult to predict what form agreements should take. However, with the congressional veto procedure that is proposed in the Trade Reform Act as a check, we hope Congress will give the President the mandate to negotiate agreements to reduce or eliminate non-tariff barriers.

Adjustment Policies

We are generally opposed to trade barriers -- which serve sectional and special interests -- although we do recognize that there may be exceptional conditions under which it may become necessary to regulate the flow of imports. If such measures are necessary, they should be temporary, negotiated multilaterally and applied in conjunction with measures to promote economic adjustment.

In connection with safeguarding authorities, we oppose the market disruption provision, as it is formulated in the President's proposal. If that provision means only that the Tariff Commission should take into consideration any correlation between market disruption -- defined as substantial imports increasing rapidly and sold at prices substantially below those of comparable domestic articles -- and an industry experiencing injury, then the provision is unnecessary. If, however, it means that the existence of such a correlation will result in protecting industries that are simply not competitive -- for a variety of reasons other than increased imports -- then the provision is potentially dangerous.

The League feels that the problem of workers and industries injured by import competition should be met by making U.S. products more competitive in world markets and by exploring new proposals for adjustment assistance.

We are sensitive to the problems of American workers, industries and communities that have been injured by increased imports. But because the League is a public

interest organization, it is interested in people as workers and as consumers. In considering measures to help workers, we hope the committee will not forget the consumers. We hope the committee will give serious attention to the long-run importance of international competition in increasing opportunities for consumer choice and in reducing inflation. We should not penalize the many by restricting imports in order to help the few. Conversely, the few should not have to bear the burden of import competition so that the many may have its benefits.

In 1969, 1970 and 1972 the League testified in support of a liberalized adjustment assistance program. We believe the provisions relating to adjustment assistance in the Trade Expansion Act of 1962 should be changed in two respects: eligibility requirements should be greatly liberalized and program benefits should be increased.

With respect to the former, we welcome the President's proposal to eliminate the "double major" by dropping the link between trade agreement concessions and increased imports and by requiring that imports be a substantial rather than a major cause of injury.

With respect to program benefits, we used to argue that they mean little if eligibility requirements are so strict that workers cannot qualify. If the President's proposal were enacted, more workers would be eligible. But for what? The level and duration of benefits will be lower than what workers received under the Trade Expansion Act.

The President's proposal is lacking in other respects as well: Provisions relating to jobs search and relocation allowances (still restricted to heads of households) are totally inadequate; there is no help with housing; no provision that the worker will retain his fringe benefits such as pension rights, medical protection, seniority. There is no provision for allowing older workers the option of early retirement; no provision for aid to communities; no provision for an early warning system so that adjustment programs could be initiated before workers actually suffer injury. Isn't it time we looked at workers as human beings rather than as commodities and devised a program that will really help them? We suggest that the Congress give serious consideration to proposals along the lines recommended by Congressman Culver (HR 4817) and Senators Percy and Taft (S 1156).

We find the President's proposal unimaginative and ungenerous. The AFL-CIO has argued in the past that adjustment assistance is burial assistance -- and indeed, thus far, the program has been a non-program. Simply stated, we need a program that works -- and that takes money. There are no bargains in public policy: half-hearted programs become self-fulfilling prophecies of failure.

International Obligations

We would like to call your attention to Section 301 which deals with Presidential action in response to unfair foreign import restrictions and export subsidies, and Section 401 which grants balance of payments authority. Both these sections provide that in determining what action to take, "the President shall consider the relationship of such action to the international obligations of the United States."

We feel these provisions are weak for two reasons: 1) because international obligations should be regarded as firm obligations not subject to executive discretion; and 2) because the tone of the first major trade act since 1962 should be one of positive cooperation. It should indicate to our trading partners and erstwhile competitors that we are ready to modernize the rules of the game and then we are prepared to play by those rules. The League feels very strongly that international economic relations impinge on international political relations. We cannot be isolationists in economic matters if we want to move forward in improving our political relations with other nations.

I am confident that the committee will not abandon America's economic and political interest in expanding trade rather than restricting it. We have so much to gain from a forward and outward-looking policy. Do we have the courage to ask the questions and make the choices necessitated by that kind of a policy?

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES 1730 M STREET, N.W., WASHINGTON, D.C. 20036 — LEAGUE ACTION SERVICE — $7.50 A SESSION

time for Action

JUL 2 1973

June 27, 1973

TO: Local Leagues in the Districts of House Ways and Means Members

FROM: Lucy Wilson Benson, President; Ruth L. Sims, Action Chairman; and Ruth J. Hinerfeld, International Relations Chairman

RE: Trade legislation

Your Congressman is a member of the House Ways and Means Committee. For the next month, this committee will be marking up the Trade Reform Act of 1973 (TRA). There is no doubt that many changes will be made in the bill that was proposed by the President. The question is what form these changes will take.

Committee must report out a liberal trade bill. Because of the protectionist sentiment in the House and Senate, the passage of the kind of bill we want will be very difficult. As the bill moves through the legislative process, amendments and compromises will be proposed to restrict U.S. trade practices. Knowing what may lie ahead, the first step in our strategy must be to get the best possible bill out of Ways and Means. And that's where you come in!

Write Now. This is the time to counter the forces of protectionism with letters from the committee members' own districts. No argument is as convincing as one with a vote behind it. If you have good examples of how trade affects your community, include them in your letter. Urge other liberal trade groups in your community to write immediately.

Try to make the following points using your own words. (See Mrs. Benson's testimony for a fuller discussion of these points.)

- The League favors extensive Presidential negotiating authority to reduce trade barriers; but his authority to increase tariffs should be limited.
- The President should have authority to negotiate on non-tariff barriers (NTB's); but Congress should have a veto over NTB agreements.
- We generally oppose import restrictions: if an industry were found to be severely injured by an extensive and rapid influx of imports, we recognize that temporary trade restrictions might be needed to allow time for adjustment. Any such safeguard measures must be multilaterally negotiated and short term, with specific phase-out provisions.
- The League opposes the market disruption provision as formulated in the TRA.
- We also oppose any formula for automatically imposing restrictions if imports reach a certain level.

- The adjustment assistance provisions in TRA are totally inadequate. League favors:

    - increased financial compensation

    - retraining of workers which should be central to the program and should be better related to job opportunities by being linked to national training programs and to an early warning system for identifying employment trends

    - job mobility to be facilitated through protection of pension rights and other fringe benefits

    - assistance to firms in the form of tax incentives or government loans for retooling or conversion

- The League feels that the activities of multinational corporations are generally beneficial. We oppose changes in tax laws (such as those proposed in the Burke-Hartke bill) that would penalize American corporations with direct foreign investments. However, some modifications to prevent multinationals from taking unfair advantage of U.S. tax policies would be acceptable.

- The League believes that the provisions in the TRA dealing with the international obligations of the U.S. should be stronger.

Please send us copies of your correspondence.

JUL 2 1973

League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D. C. 20036

May 29, 1973

TESTIMONY BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
ON HR 6767, TRADE REFORM ACT OF 1973

by
Lucy Wilson Benson
President, League of Women Voters of the United States

Mr. Chairman, members of the committee, I represent the League of Women Voters of the United States, a volunteer citizens' organization of 1,350 Leagues with approximately 150,000 members in the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. We are pleased to have this opportunity to present the views of our members on several major issues of trade policy now being considered by this committee.

The League first spoke out for liberal trade policies almost four decades ago. Since then we have demonstrated our support for those policies by working for every extension of the Trade Agreements Act of 1934, the General Agreement on Tariffs and Trade, and the Trade Expansion Act of 1962. We will continue to demonstrate our support by working for liberal trade legislation in 1973. And we will do so not because we cling to our traditional position but because our members have recently reaffirmed that position in the context of current economic developments.

In the 1930's League members became convinced that an international orientation in political and economic matters is also in the best national interest of the United States. Now, after a year-long study, Leagues have concluded that the practical arguments for a liberal trade policy are still valid: trade expansion stimulates economic growth at home and abroad, increases consumer choice, and contributes to improved international political relations. We know there are many who consider a liberal trade policy a luxury item -- nice when you can afford it, expendable when you cannot. But we submit that such a policy is a necessity not a luxury -- equally important to international economic and political relations whether the going is tough or easy.

And we are under no illusion that the going is easy. It was relatively easy for the United States to pursue a liberal trade policy after World War II when this country was the world's leading exporter and the world's leading creditor; it was easy when Europe was a fragmented and prostrated continent and when Japan was just recovering from the war. It was easy to be a free trader when there was little competition around. It is not so easy now.

Item: Our trading partners are strong, their economies are booming; they appear formidable across the bargaining table.

Item: Foreign industries which we helped build up after the war have, in many cases, surpassed their U.S. counterparts and their products have penetrated markets all over the world.

Item: In 1971 and 1972, the U.S. had the largest trade deficit in this century; the unemployment rate hovers between 5 and 7%; as factories close and companies relocate in many industries, not always because of imports, communities and workers suffer.

What should be done in the face of these facts: Will Congress accept the counsel of those who would have us withdraw behind the tariff and quota walls of Fortress America? Expert opinion is readily available on all sides of the question. Figures and charts have been marshalled for and against restricting imports; for and against the activities of multinational corporations. We did not bring you our own army of facts -- although we have studied many -- because we believe that the answers to this country's economic problems are not to be found in quantitative data alone, but more so in the questions interested groups and public officials dare to raise and in the choices they are willing to make.

For example:

- Are imports the major cause of economic dislocation in this country or are there other factors such as changes in taste and technology?

- Are import restrictions the answer to our problem or will they create more problems than they solve? Are there alternative ways to help industries and workers hurt by import competition?

- How can we become more competitive? Should we continue to produce what we produced in the past or should we take a new look at what we do best and what we must do better?

- Should the United States develop new policies to regulate the activities of multinational corporations?

During the past year, Leagues all over the country studied these questions. It is on the basis of their findings that I would like to comment on the Trade Reform Act of 1973. I will confine my remarks to three areas of concern to the League: first, the President's request for extensive negotiating authority; second, proposed adjustment policies; and third, the provisions relating to the international obligations of the United States.

Trade Negotiating Authority

The League is convinced that the public interest is best served by a trade policy which promotes the freest possible exchange of goods and ideas across national borders. In accordance with this position, we support the systematic reduction of trade barriers through multilateral negotiations. We support the principle of reciprocity in trade agreements except when political and economic considerations call for special trade concessions to developing countries. We favor the extension of most-favored-nation status to countries with non-market economies. And, with some modification in taxation policy, we feel that the activities of multinational corporations should not be unduly restricted.

The Trade Reform Act of 1973 authorizes the President to enter into trade negotiations for a period of 5 years and, pursuant to a trade agreement, to increase or decrease tariffs without limit. This request for negotiating authority is timely and essential in view of the forthcoming multilateral negotiations. We agree with you, Mr. Chairman, that the President needs extensive authority in order to get the fairest deal for the United States. We would question, however, whether unlimited authority, up or down, is in fact necessary to ensure negotiating flexibility. The League supports the systematic reduction of trade restrictions through multilateral negotiations. We favor giving the President authority to eliminate tariffs, but recommend that Congress place a ceiling on the power to raise tariffs. Authority does not have to be symmetrical; rather, it has to be related to the purposes it has been directed to accomplish -- and Congress should establish those purposes.

The President is also requesting authority to negotiate on non-tariff barriers. With the progress that has been made in reducing tariffs, we have become increasingly aware of the pervasiveness of non-tariff distortions in international trade and the need to reduce or eliminate them. But negotiation in this area is particularly difficult because non-tariff barriers are difficult to quantify, because they are frequently entrenched in domestic laws and, most basically, because they take so many different forms -- quotas, government procurement policies, technical, health and environmental regulations. For these reasons, it is difficult to predict what form agreements should take. However, with the congressional veto procedure that is proposed in the Trade Reform Act as a check, we hope Congress will give the President the mandate to negotiate agreements to reduce or eliminate non-tariff barriers.

Adjustment Policies

We are generally opposed to trade barriers -- which serve sectional and special interests -- although we do recognize that there may be exceptional conditions under which it may become necessary to regulate the flow of imports. If such measures are necessary, they should be temporary, negotiated multilaterally and applied in conjunction with measures to promote economic adjustment.

In connection with safeguarding authorities, we oppose the market disruption provision, as it is formulated in the President's proposal. If that provision means only that the Tariff Commission should take into consideration any correlation between market disruption -- defined as substantial imports increasing rapidly and sold at prices substantially below those of comparable domestic articles -- and an industry experiencing injury, then the provision is unnecessary. If, however, it means that the existence of such a correlation will result in protecting industries that are simply not competitive -- for a variety of reasons other than increased imports -- then the provision is potentially dangerous.

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interest organization, it is interested in people as workers and as consumers. In considering measures to help workers, we hope the committee will not forget the consumers. We hope the committee will give serious attention to the long-run importance of international competition in increasing opportunities for consumer choice and in reducing inflation. We should not penalize the many by restricting imports in order to help the few. Conversely, the few should not have to bear the burden of import competition so that the many may have its benefits.

In 1969, 1970 and 1972 the League testified in support of a liberalized adjustment assistance program. We believe the provisions relating to adjustment assistance in the Trade Expansion Act of 1962 should be changed in two respects: eligibility requirements should be greatly liberalized and program benefits should be increased.

With respect to the former, we welcome the President's proposal to eliminate the "double major" by dropping the link between trade agreement concessions and increased imports and by requiring that imports be a substantial rather than a major cause of injury.

With respect to program benefits, we used to argue that they mean little if eligibility requirements are so strict that workers cannot qualify. If the President's proposal were enacted, more workers would be eligible. But for what? The level and duration of benefits will be lower than what workers received under the Trade Expansion Act.

The President's proposal is lacking in other respects as well: Provisions relating to jobs search and relocation allowances (still restricted to heads of households) are totally inadequate; there is no help with housing; no provision that the worker will retain his fringe benefits such as pension rights, medical protection, seniority. There is no provision for allowing older workers the option of early retirement; no provision for aid to communities; no provision for an early warning system so that adjustment programs could be initiated before workers actually suffer injury. Isn't it time we looked at workers as human beings rather than as commodities and devised a program that will really help them? We suggest that the Congress give serious consideration to proposals along the lines recommended by Congressman Culver (HR 4817) and Senators Percy and Taft (S 1156).

We find the President's proposal unimaginative and ungenerous. The AFL-CIO has argued in the past that adjustment assistance is burial assistance -- and indeed, thus far, the program has been a non-program. Simply stated, we need a program that works -- and that takes money. There are no bargains in public policy: half-hearted programs become self-fulfilling prophecies of failure.

International Obligations

We would like to call your attention to Section 301 which deals with Presidential action in response to unfair foreign import restrictions and export subsidies, and Section 401 which grants balance of payments authority. Both these sections provide that in determining what action to take, "the President shall consider the relationship of such action to the international obligations of the United States."

We feel these provisions are weak for two reasons: 1) because international obligations should be regarded as firm obligations not subject to executive discretion; and 2) because the tone of the first major trade act since 1962 should be one of positive cooperation. It should indicate to our trading partners and erstwhile competitors that we are ready to modernize the rules of the game and then we are prepared to play by those rules. The League feels very strongly that international economic relations impinge on international political relations. We cannot be isolationists in economic matters if we want to move forward in improving our political relations with other nations.

I am confident that the committee will not abandon America's economic and political interest in expanding trade rather than restricting it. We have so much to gain from a forward and outward-looking policy. Do we have the courage to ask the questions and make the choices necessitated by that kind of a policy?

JUN 22 1973

League of Women Voters of the U.S.
1730 M Street, N.W.
Washington, D. C. 20036

June 13, 1973

At its June 11-15 meeting, the national Board of the LWVUS adopted the following International Relations position which reflects the analysis and evaluation of the trade consensus reports recently completed by local Leagues. (New wording is underlined.)

STATEMENT OF POSITION ON TRADE

The League of Women Voters continues to believe in a liberal U.S. trade policy. We are convinced that the political and economic interests of this country and of its citizens collectively and individually are best served by such a policy, which paves the way for political harmony with other nations, stimulates economic development at home and abroad, and expands consumer choice. We believe that our trade policy should be flexible, effective and efficient and that it should be based on the public interest, not on special or sectional interests.

LIBERAL TRADE POLICIES:

The League endorses systematic reduction of tariff and nontariff trade barriers and broad, long-range presidential authority to negotiate trade agreements. The United States should continue to participate in multilateral negotiations of trade agreements, and the benefits of these agreements should be extended to our trading partners through most-favored-nation treatment. In recognition of the gross disparity in trading positions between the developed and the developing countries, the principle of reciprocity in trade agreements should be waived to the extent that is necessary to make special trade concessions to developing countries.

Implicit in the League's support of expanded trade is opposition to measures which impede trade: restrictive administrative procedures, quotas, Buy American provisions, and similar measures. We favor the application of domestic health,

safety and environmental protection regulations to imports. We believe that these measures should, at a minimum, conform to international standards but that they should not be used as a pretext for restricting the flow of trade. We also believe that customs procedures should be simplified.

THE U.S. AND THE WORLD ECONOMY:

The League members are convinced that national and international remedies for the U.S. balance-of-payments deficit should be aimed generally in the direction of trade expansion and away from narrow, short-range, restrictionist palliatives. We support such positive remedies as:

-- efforts by U.S. industries to improve product quality and international marketing techniques

-- reform of the international monetary system

-- government policies designed to promote expansion of U.S. exports, encourage industrial research and development, and promote tourism from other countries to the United States.

We believe that the free flow of investment and technology plays an important role in fostering economic development and the improvement of living standards throughout the world. However, the interests of citizens in both the host and parent countries should be guarded by:

-- international standards and agreements to regulate overseas corporate investment policies and practices

-- some modification of domestic tax laws which affect multinational corporations.

ADJUSTMENT PROGRAMS:

Trade adjustment assistance should be made easily available to domestic firms and workers injured by import competition. The goal of this assistance should be to

encourage economic adaptation through self-help efforts of business and labor.

Workers: Adjustment assistance to workers should be expanded and improved.

-- Retraining of workers should be central to the program and should be better related to job opportunities by being linked to national training programs and to an early warning system for identifying employment trends.

-- Job mobility should be facilitated through the protection of pension rights and other fringe benefits.

-- Financial compensation should be increased.

Firms: Adjustment assistance to firms for retooling or conversion should take the form of tax incentives or government loans.

Industries: If an industry were found to be severely injured by an extensive and rapid influx of imports, temporary trade restrictions might be needed to allow time for adjustment. Any such safeguard measures must be multilaterally negotiated and short term, with specific phase-out provisions.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 • TEL. (202) 296-1770

JUN 22 1973

memorandum

The League of Women Voters of the United States

June 15, 1973

TO: State and local League Presidents
FROM: Lucy Wilson Benson, President, Ruth Sims, Action Chairman, and Ruth Hinerfeld, International Relations Chairman
RE: Alert for Action on trade during summer, 1973

This trade Action Alert is designed to help you plan your time and efforts so that the LWV can have maximum influence on shaping the trade bill at every stage in the legislative process. Its purpose is twofold: 1) to inform you of the action timetable for this summer on pending trade legislation; and 2) to suggest what you should be doing in your community to further the League's position on trade. By beginning your community work now you will be fully prepared to respond effectively to the Time for Action which will reach you in July.

The Political Picture

As you know, there are two major trade bills now being considered by the House Ways and Means Committee:

. the Trade Reform Act of 1973 (HR 6767). The Administration's bill is a comprehensive trade bill which would give the President power to negotiate agreements on tariff and nontariff barriers to trade. It would authorize him to use trade policy to meet balance of payments problems, extend preferential tariff treatment to LDC's, grant MFN to countries with non-market economies and to respond to injury from fair and unfair import competition. (R/H, 93-I-3 and R/H, 93-I-4.)

. the Burke-Hartke bill (HR 62). This strongly protectionist bill would establish quotas on virtually all imports, change tax laws so as to discourage U.S. multinational corporations, and under certain conditions, prohibit the transfer of capital and technology to foreign countries. (R/H, 93-I-2.)

In testimony before Ways and Means, the League opposed Burke-Hartke and gave qualified support to the Trade Reform Act. (For details see Lucy Wilson Benson testimony and Report from the Hill, April and June.)

Liberal Trade Is In Deep Trouble This Year!

The trade deficit and high unemployment rate have bolstered protectionist arguments. The AFL-CIO is pressuring Congressmen to accept the simplistic viewpoint that imports are the cause of our economic problems and that restricting imports is the solution. Efforts to pass a liberal trade bill are also complicated by the current state of legislative-executive relations. The TRA requests a great deal of authority for the President; and while many agree that the authority is needed in the trade field, this Administration's record in other areas (Watergate, impoundment) has made Congress reluctant to grant it.

House Timetable

After a month of hearings, the Ways and Means Committee has started marking up the Administration's or "a" trade bill. Wilbur Mills, chairman of Ways and Means, has announced that he wants House floor action before August 3.

The League's voice is needed in support of liberal trade to convince members of Congress who need convincing and to help those who are already convinced to resist protectionist pressure in their districts. We have less than 2 months to impress on members of Congress that a liberal trade bill is in the best interest of this country.

LEAGUE ACTION STRATEGY AND TECHNIQUES

Goal: To influence your Congressman to support a liberal trade bill.

Means: I. Direct contact with Congressman

II. Indirect contact in your community with your representative's major supporters, through other groups interested in trade, and influential individuals.

III. Developing public awareness of trade issue in your community.

I. Direct contact with Congressman

While there are many Congressmen who agree with the League's trade position, there are also many who do not and still others who are not well-informed on trade matters. You will be asked more specifically to contact your Congressman in a separate Time for Action. At this point, you should be preparing for later contacts by doing two things:

- Review his record to learn which of these categories he may be in.

- Also, examine the role of trade in your community and how it may affect what are recognized to be the vital economic interests of the community.

Your Congressman will be more responsive to your arguments if you show your awareness of his political problems.

Build your strategy for reaching him with these considerations in mind.

- What kind of groups support him?

- How vulnerable is he to protectionist arguments?

There will be many future opportunities for League contact with members of Congress on trade. This summer, we plan:

- A selected Time for Action to go out immediately to 81 local Leagues in districts of Ways and Means Committee members;

- A general Time for Action in mid-July to all Leagues. This will be timed to coincide with House floor action on the trade bill.

II. Contact with Congressman's major supporters and/or those to whom he is responsive

You know from past interviews with your Congressman which groups he respects and listens to most. Seek out these groups. If they are sympathetic, enlist their support. If they are not, find out why not. Are their views based on misconceptions? lack of information? economic grievances which may or may not be related to trade?

Work with other groups interested in trade

The League is not the only group interested in trade -- there are others which may or may not be active. Then there are groups which should have an interest in trade, but are not aware that they should.

Don't wait for other groups to come to you -- go to them. For example:

- Importers of wholesale and retail merchandise; American Importers Association
- Independent retail and wholesale merchants who will be harmed by quotas
- Export interests including high technology electronics, heavy machinery, and aerospace industries
- Agriculture - farmers and agri-business interests; American Farm Bureau Federation
- Port authorities
- Imported car dealers; Imported Automobile Dealers Association
- Consumer groups
- Local Chambers of Commerce; National Association of Manufacturers
- Trade associations
- Labor groups that have spoken out against the Burke-Hartke bill. United Auto Workers, Communication Workers, Pulp and Paper Workers

III. Suggested techniques for educating your community

Small meetings: Plan to hold a series of small meetings to develop public awareness of trade issues and to mobilize support for liberal trade. Ask your allies to join you in planning these meetings. Perhaps the head of a company would hold an open house for his employees and their families and invite a League speaker.

Visit community and state leaders: How does your mayor feel about trade? If he supports the League's position, ask him to issue a statement. How about your state legislators? Governor?

Use the media: If you already have a regular radio or TV program, or newspaper column, use it to talk about trade.

Begin and continue a letter-to-the-editor campaign in the local press, getting as many business people involved as possible. Use the letter column to follow up an editorial or a feature article on trade. Ask your newspapers to carry trade news in a section of the paper that has a wide audience. Send clippings to your Congressmen.

GET THE MESSAGE ACROSS THAT TRADE IS EVERYBODY'S BUSINESS.