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Being concerned for the future of our young people, we are mindful of a frightening evil now stalking this land, preying on young and old alike, but wreaking particular havoc on the young. I refer to the illegal traffic in drugs and to drug abuse.

This is something that must be stopped—forcefully, fully and immediately. To this end I commit myself and all the forces at my command, and I especially call upon the fine youth of Alabama to join me in this effort.

We will not cease until the drug peddlers, pushers and their slimy companions are driven from our midst.

As we reaffirm our commitments of the past campaign, we again pledge our best efforts towards reducing the daily cost of living for all Alabamians, especially the working men and women of our state and their families. We will work to reduce utility rates and basic insurance costs. We will examine and evaluate our structure of state government and we will streamline and modernize where necessary in the interest of economy and efficiency.

We renew our vow to work toward more adequate medical services for all our people, for this medical attention presently is beyond the economic reach of many. They simply cannot afford proper medical care even if they are fortunate enough to find a doctor. Any Alabamian who is sick enough to need a doctor or a hospital bed should be able to get one, regardless of financial condition or where they happen to live.

We will work toward a voluntary health insurance program which will put adequate medical attention within the financial reach of every family in Alabama. We will build and staff the necessary facilities to educate enough doctors, nurses and allied medical technicians to properly care for our sick, whether they live on a farm or in the heart of a city.

We will continue our struggle for equalization of the tax burden so that our working men and women of average and low income will not continue to bear a disproportionate share of the tax load. We must revamp and revise a system which allows multi-billion dollar foundations, of at least questionable purposes, and multi-millionaire property holders to escape taxation while the low and middle level wage-earner pays and pays and pays. We have raised this issue before and will raise it again, again and again until we are afforded some relief—only then will I be silent—and I believe you would have it this way.

Alabamians and Americans generally have had their fill of excessive and ill apportioned taxation and we propose to join in the fight to right these conditions. I issue a call to my fellow governors, to the members of Congress and to all Americans to join in this effort to the end that the average Alabamian and American be saved from tax destruction.

We allude to the political power of the people, "people power", if you will.

Let me remind you that any government that ignores the rights of individuals will not long endure, nor will a government that offers no redress from exorbitant and unjustly apportioned taxation. No government that rides rough-shod over the mind and body of its youth can be representative of the people under the law.

However, the place to get the desired change is within the law and not by destruction of the system. The street is not a proper place to change America, but the ballot box through "people power"—this is the method and forum. Every American can participate in government by voicing his or her thoughts within the law at every level of government.

And we must have faith and pride in ourselves as individuals, in our communities—in our state—our region and our nation—we must remember that we and those who bore us stand among the greatest patriots of all

times—men and women who then and who today continue to resist in the face of oppressions from external sources and whose perseverance and desire for freedom and self expression is exceeded by none under these heavens.

To borrow from the words of a renowned author—"To have common glories in the past; a common wish in the present; to have done great things together; to wish to do greater; these are the essential conditions that make up a people."

One hundred years ago, the spirit of the South became passive as this spirit was subdued by violent means—yet remained undoomed. For the flame of our passion burned within us as an arc of our covenant—a covenant of our heritage of liberty under law with no surrender to those who would destroy us.

Today, twin evils face the American people. Communism on one hand and an illegal abuse of federal governmental power on the other. Either, if not curtailed, will destroy us. What can you do? You are more powerful than you think, provided you make yourself heard—for the politician will listen—but if you remain silent, there is nothing for the politician to hear but the yelping from those who seek to destroy us. We must not be a silent majority, but an alert, active voice within the law. Then we can help our state and our nation.

This administration is not going to be one of favoritism to any special interest, individual or friend. It will be a peoples administration with the goal that honesty is the best and only policy. Special privilege has no place in government. Too long in Alabama's history have certain greedy interests blocked needed progress. Nearly every advance in humanity's long march toward human betterment and progress of the many has been delayed by the willful few. Greed has no place in the creed of government. A government that helps the few and injures the many is not good government. My administration may not achieve all its goals, try as we may, but rest assured, should corruption raise its filthy head, it will be promptly dealt with regardless from whence it comes.

I am old enough to know that the people are tired of promises and demand action. I am young enough to be an active governor. Our action will move Alabama forward on all fronts.

Today, the government is too costly and taxes are a constant burden to the people. Any waste of the peoples money is a crime against the people. Government has become stagnated with its burdensome bigness. The federal government has too long thrust its sometimes greedy hands into the pockets of the people. If the federal government continues to dominate education, it could result in control over the minds of our children—leading, by natural tendency, to control over the body, thus destroying the freedom of all of us. You have a right to expect an Alabama moving forward on all fronts—better Alabama schools—health facilities—human welfare—anti-pollution, etc. For we hold the temporary power of government—hold it in trust for the people under the law.

The people have the right to know what goes on in its state government. We are going to operate with an "open door—open book" policy. Our state government is for all—so let us join together, for Alabama belongs to all of us—black and white, young and old, rich and poor alike.

And if there be those who wonder why I stand here today—curious as to what force and inspiration brings me to this point in our state's history. Let me answer them through the words of a great poet, Robert Frost, who, perhaps, captured my feeling better than I could express when he wrote.

"But I have promises to keep,  
and miles to go before I sleep,  
and miles to go before I sleep."

With God's help I will make you a good governor!

#### UKRAINIAN INDEPENDENCE DAY

Mr. SCHWEIKER. Mr. President, on January 22, 1918, the valiant people of the Ukraine seized upon the opportunity offered them by the Russian Revolution of 1917 and proclaimed their national independence.

Regrettably, the dream of independence which the Ukrainians nurtured over long centuries of domination lasted for only a short period of time. By 1920, Red army troops, following the precedents set by the czars, overran and again enslaved the Ukraine. The young republic, born only 2 years earlier, quickly disappeared.

Since 1920, the Ukrainian Republic has been incorporated into the Soviet Union and in 1971 remains subjugated by the U.S.S.R. Millions of Ukrainians today remain isolated in their own homeland, subject to the domination of Communist Russia.

Last Friday, Ukrainians throughout the world observed their most important holiday, the anniversary of that country's independence. Unfortunately, in the Ukraine itself, that anniversary could be observed only in secrecy.

During the 91st Congress, I introduced Senate Resolution 455, which authorizes and requests the President to issue a proclamation designating January 22 of each year as Ukrainian Independence Day, and inviting the people of the United States to observe that day with appropriate ceremonies. I am reintroducing this legislation today, with the cosponsorship of Senator PERCY. I will shortly submit a list of additional cosponsors who have expressed interest in this resolution.

I sincerely hope that this legislation will be acted on quickly so that official recognition may be given by the United States to this anniversary and to the valiant spirit of the Ukrainian people.

#### ECONOMIC AND POLITICAL ADVANTAGES OF EXPANDED EAST-WEST TRADE

Mr. MONDALE. Mr. President, we have recently emerged from a session during which the Congress came agonizingly close to enacting legislation which would have had a disastrous impact on international trade. Part of the reason for the strength of the protectionist arguments, I believe, has been a preoccupation with the largely imagined dangers of foreign competition, and insufficient attention to the great potential which can be had through an aggressive expansion of our exports.

Exports can bring jobs to the American worker, income and profits to American enterprise, and strength to the U.S. dollar.

One of the major areas of great export potential lies in the nations of Eastern Europe. During the last Congress, we managed to pass a significant Export Administration Act which streamlined and simplified our policies toward the control of exports to the countries of Eastern Europe. However, while the United States

enjoys some 16 percent of world trade—over \$40 billion a year worth of exports—we have less than a 3-percent share of East-West trade, and exported only \$249 million worth of goods to these countries in 1969.

Without a doubt, there is a vast untapped market of peaceful nonstrategic goods within these countries, consistent with our need to maintain control over the export of goods and technology which have a bearing upon our national security. Such an expansion of exports can contribute to both the economic and the political self-interest of the United States and of the Western World.

I think it is time to take a fresh look at some of the remaining irrational barriers toward trade with Eastern Europe. In this light, I would like to call the attention of my colleagues to some recent items. One is an address by the Honorable Philip H. Trezise, Assistant Secretary of State for Economic Affairs, in which he identifies the potential of trade with Eastern Europe as well as some of the remaining legislative barriers toward a rational East-West trade policy.

Another is remarkably astute editorial from the Minneapolis Tribune commenting again upon the irrationality of our current East-West trade policies and some of the myths and assumptions by which we cling to this irrationality.

Two additional articles appeared recently in the New York Times, and give further evidence for the need to reexamine our East-West trade policies.

I ask unanimous consent that these articles be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

#### WESTERN BUSINESS IN EASTERN EUROPE

(An address by Philip H. Trezise, Assistant Secretary of State for Economic Affairs)

I am pleased to have the opportunity to speak to you about "Western Business in Eastern Europe." While I have been asked to give the Government's viewpoint, I do not believe that it is significantly different from the viewpoint of my business friends here today.

It is clear to all that a new situation in East-West European relations is arising as a result of the rapidly expanding commercial exchanges and, in particular, the recent Soviet-West German and Polish-West German treaties which can be expected to give an additional impetus to the broadening and deepening of economic relations between Eastern and Western Europe. In this rapidly evolving situation the United States must continue to examine how and to what extent our businessmen may be able to take advantage of the emerging possibilities.

#### U.S. TRADE WITH EASTERN EUROPE

Trade with the Soviet Union was not a problem before World War II. The American and other Western Governments permitted their private traders to do business where there were trading opportunities. The Soviets imported machinery and heavy equipment from the industrially advanced countries and exported raw materials for these badly needed goods—in fact quit in conformity with the classic international division of labor and capital. By 1938 the United States was the largest exporter to the Soviet Union, supplying 29 percent of Soviet imports.

This trade, however, dropped to very low levels after World War II because of Stalinist hostility toward the West and the develop-

ment of Cold War tensions. A major change in Soviet trade policy occurred following the death of Stalin in 1953 and there has since been steady growth in trade with the free world, excluding the United States. While East-West trade has grown at a faster rate than trade among free world countries, United States trade with the USSR and Eastern Europe has increased very slowly indeed.

In 1969 our exports to these countries totaled \$249 million compared to total free world exports to the same area exceeding \$8 billion. The United States imported from this area in 1969 goods totaling \$195 million compared again to about \$8 billion imported by the free world from Eastern Europe. Thus, the United States share of Western trade with Eastern Europe is only 3 percent although the United States share of total world trade is 16 percent. Putting it another way, United States trade with Eastern Europe amounts to only six-tenths of one percent of total United States trade.

#### LEGISLATION

A major development in the field of East-West trade was passage last December of the Export Administration Act of 1969, which replaced the Export Control Act of 1949. The new law continued the authority given the President to control exports for reasons of national security, foreign policy, or short domestic supply. For the first time, however, Congress explicitly endorsed expanded trade with the USSR and Eastern Europe. Whereas earlier legislation had included as a ground for denying exports the test of whether the items would contribute to the military or economic potential of the purchasing country, the Act dropped the economic potential criterion. It also required that availability of similar products from free world sources be taken into account in requiring export license control, and stipulated that the present United States control list be reviewed to insure conformity with the policy set forth in the Act.

It is a satisfactory law which permits continued, effective and responsible administration of export controls taking into account our security and foreign policy interests as well as our need to expand exports. The Act expires on June 30, 1971, and the Administration will certainly urge its extension, although no decision has yet been made as to whether amendments will be proposed.

In conformity with this Act the Department of Commerce, which is responsible for its administration, intensified its review of our control list and to date has relaxed controls on several hundred items. As you know, the United States has some 1000 items under licensing control in addition to the 600 items under multilateral strategic controls. Our Western European and Japanese friends generally do not restrict exports beyond the strategic items on the COCOM list. In these de-control actions we have continued our differentiated export control policy toward the countries of Eastern Europe, under which we favor Romania and to a lesser extent Poland in relation to the USSR and the other Warsaw Pact countries. Additional deletions in our control list are anticipated as the current review continues.

The evidence in the market place is that the first year of operation under the Export Administration Act should be a source of some satisfaction. Exports to the Soviet Union and Eastern Europe through October stood at \$287 million, already above the \$250 million total for 1969. The preliminary estimate is that the 1970 total might approach \$350 million—a 40 percent increase over 1969 and a surplus of \$100 to \$125 million over estimated imports from the East in 1970. This trend is certainly welcome and we hope it will continue, as the reduction of control lists and the export promotional activities of the Department of Commerce under the 1969 law go forward.

In discussing the impact of legislation on East-West trade, however, I should mention two major legislative restraints on expanded trade. These are, first the ban on extending non-discriminatory or most favored-nation (MFN) tariff treatment to imports from these countries, with the exception of Poland which has received MFN since 1960; and, second, the legislative prohibition on Export-Import Bank participation in export financing for Eastern Europe. The lack of MFN makes it all the more difficult for the Eastern Europeans to sell in the United States market and thus earn dollars to buy United States goods. In addition to its commercial impact, this tariff discrimination has certain psychological implications in our relations with these countries.

Of even greater immediate impact as a trade deterrent is the prohibition against Export-Import Bank export credits and credit guarantees. The rapid expansion of Western European and Japanese exports to Eastern Europe is based in part on major credits guaranteed by government institutions in the exporting countries. The lack of Export-Import Bank guarantees is largely responsible for the almost total lack of commercial credit from United States sources. Our exporters thus have said that they are placed at a considerable disadvantage in competing for Eastern European orders.

#### POTENTIAL FOR EAST-WEST TRADE

In addition to the two legislative barriers cited above, there are other formidable economic and structural obstacles to expanded U.S. trade with Eastern Europe. These include:

The rigidity of Communist state trading systems with a strong tendency to bilateralism;

The historic close trading relationship between Eastern and Western Europe;

The shortage of hard currencies and the scarcity of attractive products and marketing skills needed to compete in U.S. markets; and finally,

Our unilateral export controls, the impact of which on trade has probably been exaggerated although they undoubtedly have operated at times as a deterrent to trade initiatives by U.S. businessmen.

I might add here that many U.S. exporters apparently have no interest in the Eastern European market, or consider it too difficult to sell there. They ignore the fact that more than 1200 categories of products require no license whatever for export to Eastern Europe, and of the 1000 nonstrategic items under validated license most would be readily approved for export if a license were applied for. During the first six months of 1970, export license applications totaled \$170.9 million and \$170.2 million were approved—surely an encouraging record for exporters.

Eastern European countries rely importantly on free world supplies of industrial and agricultural products. Moreover, all of these countries have set the highest priorities on technological progress. The Soviet Union has in fact made the rate of technological advance the touchstone of the nation's success in its contest with capitalism, yet by their own admission they must call on Western technology and equipment to make significant progress in the consumer goods area.

Imports of Western machinery have doubled over the last 5 years and continue to grow rapidly. The demand is there and our competitive edge in certain industrial and farm sectors should enable us to obtain a larger share of the Eastern European markets than we now have, even under present restraints. If we reached the point in our relations with the Eastern European countries where the legislative restrictions on tariff treatment and export financing could be removed, I would anticipate a substantial increase in U.S. trade with Eastern Europe,

although the level of trade would still be modest in global terms because of deeply rooted structural barriers and our late start.

#### POLITICAL SIGNIFICANCE OF EAST-WEST TRADE

The Soviet Union's economic deficiencies are not the result of inattention to research and development or to education. The share of the Soviet national product and labor force devoted to research and development is far ahead of Western Europe and almost on a level with the United States. The percentage of college graduates in the Soviet labor force is far higher than the corresponding percentage in Western Europe. Moreover, the Soviet Union and the other Eastern Europeans have imported large quantities of foreign scientific and technical information as well as industrial plants and equipment over the past decade. We must therefore conclude that Soviet economic deficiencies derive in large part from a continuing problem with introducing new technology into the production process, the root causes of which would seem to relate to the Soviet incentive system and attempts to administer the innovative process.

The growing interest on the part of the Soviets and other Eastern Europeans in obtaining Western managerial assistance, in addition to plant and technology, suggests that they may be reaching these conclusions themselves. It is at this point that the Communist functionary faces the ultimate and unspoken question—can the economic system ever really be made to work as effectively as the non-Communist system? This is actually a political dilemma and there is a political dimension to the question of East-West trade. We saw this in Czechoslovakia in 1968.

Earlier this month I heard a most penetrating and authoritative description of this political dimension by Ota Sik, the Deputy Premier and economic reformer in Czechoslovakia under Premier Dubcek in 1968. Professor Sik was in Washington testifying before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee of the United States Congress. His was a powerful statement, validated by his own experience, of (as he described it) the "suppression of all liberal tendencies, the widespread dissemination of fear, envy, and hate, the suppression of all undesired information, the ideological stupefaction of the masses, the systematic corruption of officials—[all] these . . . weapons by means of which incompetent men can maintain their positions of power in a system which is developing in a way that is against the real interests of the majority of the population."

Yet he said he was still "an advocate of broadening and intensifying East-West relations to the greatest possible extent." His reason for this conclusion is very simply that the development of economic relations with Western countries together with the relaxation of external tensions, will "take the wind out of the sails of the reactionaries and strengthen the positions and arguments of the liberal forces" in the Eastern European countries.

He sees this, of course, as a gradual rather than a rapid process, resulting from contacts on both sides that not only will temper the mistrust of the West that is the obsession of absolutist governments in the East, but also will assist technical comparisons and self-critical evaluations in the East. This East-West trade can serve to dramatize the inefficiencies of the economic systems in the Eastern European countries and the competitive limitations of their products in world markets. This recognition of internal economic contradictions will assist, Professor Sik believes, in the longer run to set in motion the process of internal change within the Eastern European countries—a process of interaction between the progressive and re-

actionary forces, in which, he is convinced, the future belongs to the progressive forces because they will be supported both by economic necessity and by the forward-looking interest of the non-dogmatic younger generations.

We recognize of course that trade by itself obviously cannot accomplish basic changes in the communist system, nor can it settle major outstanding differences between ourselves and the Soviets. Yet it can contribute to the complex of forces within these Eastern European countries that are moving toward more humane societies and more straightforward relations with the outside world.

#### SUMMARY

To summarize, it seems clear that East-West trade will continue to grow, but until our overall relations with the Soviet Union and the other countries of Eastern Europe make it possible to remove certain restraints, including those relating to MFN and Export-Import Bank credits, our share of this trade will inevitably remain small. At the same time, the competitive advantages held by American industry and agriculture should permit a continued expansion of U.S. exports to these countries. As the President pointed out in his UN speech in October, it is in our economic self-interest as well as that of the Soviets and Eastern Europeans to increase trade and contacts, although the speed with which this can be done of necessity must take account of the general framework of world conditions. Our trade policy, like our other policies, must be based on self-interest which takes into account long-run gain as well as short-range advantage. Our businessmen, operating within present law and policy, should feel that they are advancing our national interests in a very practical way when they pursue the enlargement of non-strategic East-West trade.

[From the Minneapolis Tribune,  
Dec. 22, 1970]

#### THE YANKEE TRADER'S ODD ASSUMPTIONS

A cherished American image, the Yankee trader, sometimes fails to shine through the tarnish of political constraint. The immediate example is restrictive trade legislation which is likely to be stopped, if at all, only because of the jam-up of bills as Congress nears a close. This year's stampede of domestic-industry lobbies seeking to have their clients protected by import quotas against foreign competition was a picture of the timorous trader—not the inventive, independent pragmatist most of us associate with American enterprise.

Other restraints affect American exporters, particularly in trade with Communist countries. Minnesota Sen. Walter Mondale was instrumental in the move for a liberalized export policy and in extensive Senate hearings in 1968 which helped make possible the more sensible Export Control Act of 1969. But there still are restrictions on Export-Import Bank financing of U.S. exports to Communist countries, whose enthusiasm for trade with America is also dampened by discriminatory tariff treatment of their exports to this country.

These conflicting trends—toward import restriction on the one hand, and export expansion on the other—seem based on an assumption that trade policy is divisible. A recent article on this page by Mondale listed reasons why such an assumption is erroneous and, in the long run, costly to American consumers.

There seems to be another assumption: that the Yankee trader holds an unassailable first place in most of the criteria by which industrial nations are measured. Trends of the last few years call that assumption into question, too.

For example, the term "iron curtain" has taken on new significance. Shortly before the

current recession set in, Soviet-East European production of crude steel moved higher than that of the United States and Canada combined. To take another indicator, Western Europe's production of cement in 1969 was about the same as that of the Soviet and East European countries; each group nearly doubling the U.S.-Canadian output. Even more surprising is the fact that American output of plastics and resins has also dropped behind that of each of the other two groups of countries—again before the U.S. economic slowdown of 1969-1970.

The point is not that the United States should be ahead in all such categories, only that Americans be aware of some of the changes taking place in the industrialized world. In trade terms, one of the greatest potentials for future change may come from the West European moves toward accord with the East. The Communist states need agricultural products and have surplus energy resources and raw materials. The primary obstruction to Western European economic integration is agricultural surpluses, and Western European countries could make good use of Soviet industrial and energy resources.

If such situations present obvious opportunities for Europeans, they could also be opportunities for Americans. Does the United States want its share of new trade possibilities? Or does it want to relinquish the title of Yankee trader, content with the assumption that America is No. 1 where it counts and that foreign economic competition should be encouraged everywhere—except in the United States?

[From the New York Times, Jan. 15, 1971]

#### EAST-WEST TRADE: TOOL FOR POLICY

(By James Feron)

WARSAW.—A few months ago, the State Department announced that the United States Government had rejected, "for the time being," a request by Poland to buy American oil-refinery equipment.

What was left unsaid then—and what remains unsaid—was that Washington had decided at about the same time to permit the sale to Rumania of even more advanced refinery equipment than that denied to the Poles.

Both the catalytic cracking plant requested by Poland and the hydrolytic cracker sought by Rumania are on a list of strategic goods whose sale must be approved by the United States Government.

But the decision apparently was made on political rather than strategic grounds, an option often exercised by the Administration and one occasionally questioned by experts.

The decision focuses attention on the broad subject of East-West trade and the shifting, often unclear rules governing this trade, especially from the American side.

The Nixon Administration, following general practice in Washington, seems to adhere to a policy of rewarding independents—and thus encouraging it—in the Communist bloc. Perhaps nothing better illustrates this than the oil-cracking decisions.

Rumania's interest in seeking American technical knowledge came to the surface in 1965 when it was learned that two American corporations had received United States Government permission to negotiate with Bucharest.

The Firestone Tire and Rubber Company was to build a synthetic rubber plant while the Universal Oil Products Corporation had agreed to build a catalytic petroleum cracking unit. The Universal plant was designed to treat petroleum by-products to supply the rubber plant.

Firestone later withdrew its offer, apparently under domestic pressure, but Universal eventually built a \$22-million "cat cracker." It was completed in 1967 and a license was granted more than a year ago for similar technology for a second plant.

Although the general process of "cracking" petroleum to obtain gasoline and other by-products is widely known, the process used by American companies apparently remains uniquely efficient.

It was this process that Poland was requesting, presumably as an essential part of a major shift in emphasis from extensive to intensive development, with particular concentration in metallurgical, chemical and certain light industries.

Three American companies submitted applications last spring to provide technology and advice, but the bid was finally rejected in Washington.

The Rumanians, meanwhile, had asked for the more-advanced "hydro" cracking process. Similar to cat cracking, it uses a different type of catalyst under high pressure in the processing of hydrogen.

It is more efficient than the cat cracking process, producing a cleaner, more stable product, although at higher cost. The Rumanians presumably were seeking to broaden and improve an already profitable petroleum refining industry.

Although neither American nor Polish officials cared to discuss the implications of the two decisions, informed observers in Warsaw asked some questions and commented freely.

"It seems to be a signal to the whole bloc on how the United States operates," an American said. "It recalls what Dean Rusk said in 1964, that the Communist world was no longer a monolithic bloc and that the United States should consider the differences differently."

A Western diplomat commented, however: "This may not be the way to do it. Is the United States not helping to drive a country like Poland more firmly into the arms of the Soviet Union?"

A diplomat said that it was worthwhile tracing American policy in the two countries involved in the refinery decisions.

"The United States became very interested in helping Poland after the events of 1956, when Wladyslaw Gomulka came to power," he said, adding, "It looked as if everything was going to open up here."

#### OPPOSITE DIRECTION

"But things moved in the opposite direction and Poland lined up quite firmly with the Soviet Union on all important international questions," he continued. "Rumania, on the other hand, refuses to go along with Moscow on many issues and so she is rewarded by the United States."

"Although Rumania is considerably more oppressive internally than Poland," he said, "she operates a more independent foreign policy, and that seems to be what counts in Washington."

American policy toward Eastern Europe was summarized last May in the introduction to a 600-page study, "Economic Developments in Countries of Eastern Europe," that was issued by the Foreign Economic Policy subcommittee of the Joint Economic Committee.

"Methods for influencing political and military affairs seem to be minimal or non-existent," it noted. "Economic links with Eastern Europe and potential leverage on Eastern European development, however, provide a singular, albeit complex, route for influence."

Trade policy, the report concluded, seems to be the most attractive, although limited, route for increased United States influence on development in Eastern Europe.

Diplomats, economic experts, and members of trade missions have noted a new eagerness, meanwhile, on the part of Eastern European countries to establish trade ties with the West.

The impetus, according to the majority view, has been a growing desire by the Communist Governments to avoid falling too far behind advancing Western technology and production to satisfy rising consumer demands.

Some Eastern European states have adopted economic reforms—Hungary's were the most notable last year—in balancing the necessary liberalization with a basic desire to maintain control of the economy, often crucial to keeping political control.

In Poland last year, the Gomulka Government collapsed under the weight of widespread rioting and strikes stemming from economic factors. The new Polish leader, Edward Gierek, has promised to remedy the immediate faults and to take a long new look at the five-year plan that began Jan. 1.

Diplomats in Warsaw were thus reconsidering some of the assumptions and decisions in East-West trade at year's end, and asking again whether American policy might not undergo some review in the wake of the new situation.

[From the New York Times, Jan. 15, 1971]

#### A PLEA FOR REALISM ON TRADE WITH EAST

(By W. M. Blumenthal)

(NOTE.—Mr. Blumenthal, the president of the Bendix Corporation, represented the United States in the Kennedy Round of tariff-cutting negotiations.)

Nations presumably base their foreign policies on rational views of their self-interest. But history is sadly replete with evidence of nation's pursuing policies based more on fear and prejudice than on fact and logic, particularly in international economic affairs.

Last year's Congressional drive toward the most protectionist trade legislation since Smoot-Hawley is an excellent case in point, although it died when Congress adjourned. Against the disastrous experience with protectionism in the interwar period it is hard to see how reverting to this policy in the seventies could be to anyone's self-interest, least of all our own.

Yet this is not the only example of our capacity to ignore experience and reality in international economic affairs. United States policies governing economic relations with Communist countries no longer serve our self-interest under changed world conditions.

East-West economic relations in the past, present and likely future have been carefully analyzed by Samuel Pizar in his excellent "Co-existence and Commerce," a book much discussed this winter. Viewing this relationship from historical, political, economic, commercial and legal perspectives, he manages admirably to divorce fact from fancy and reality from appearance.

A lawyer with many years of experience—both in and out of government—Mr. Pizar is no softheaded dreamer who sees East-West trade as desirable or inevitable per se. On the contrary, his analysis highlights limits as well as opportunities, and problems as well as potential.

He says much that is pertinent to policy formulation by all major trading countries. His American reader, however, will find it hard to escape the conclusion that United States policy, in particular, urgently needs review and overhaul.

In the immediate postwar period, the foreign economic policies of East and West were primarily shaped by the Cold War.

Then in the late nineteen-fifties and sixties as the world moved from Cold War to coexistence, our European allies and Japan increasingly relaxed their economic policies toward the East. The pull of historical markets, the conviction that both sides to a bargain could profit, that gains from trade can lead to higher standards of living and a deepened stake in world peace, proved more powerful arguments than mere Cold War rhetoric.

As a result, economic ties between the controlled and market economies have grown steadily. Italians are building an automobile complex in the Soviet Union; Japanese are developing the Asian parts of the Soviet Union, and even Americans have proved that neither Washington's caution nor Communist doctrine can hold back the spread of Hil-

ton hotels or Hertz and Avis beyond the Iron Curtain.

What issues does all this raise for the future? And what's wrong with our policy in the present? Mr. Pizar's thoughts on the matter are challenging, stimulating and thought-provoking, particularly in the suggestions he makes in the concluding chapter of his book.

To me, "Coexistence and Commerce" has underscored these rather significant points:

Given differences in internal economic structure and in legal and institutional frameworks and recognizing the reality of the international political scene, American economic relations with the Communists can never be "normal." There will always have to be special rules and tough bargaining.

Western Europe and Japan are far ahead of us in recognizing the potential as well as the limits in economic relations with the East—and in adjusting their policies to get the most out of it. They have confined restrictions strictly to military and strategic goods. Their trade figures—many times those enjoyed by the United States—tell the story.

Present United States policy suffers essentially from our insistence on mixing ideology with analysis and on our tendency to allow bureaucratic rigidity and fear to frustrate the pursuit of our national self-interest. United States policy still seeks to inhibit trade, not only in military and strategic goods and services, but also quite unrealistically in goods thought to add economic strength to the East. This policy denies the Communists nothing—for our European and Japanese allies are only too willing to fill the gap. It does hurt our balance of payments. What is required is a complete review of all parts of our economic policy toward the East, on trade and credit matters alike.

The only way to accomplish this task is with Presidential leadership. American business in general is ready for a change and Congress is more likely to follow a well-thought-out Presidential initiative.

The long-overdue adjustment of our policy, providing new opportunities to deepen our economic contacts with the East, could add strength to the United States economy and could become a vital part of President Nixon's policy of "negotiation in place of confrontation."

#### PRESIDENT NIXON: CLOSING THE GENERATION GAP

Mr. MATHIAS, Mr. President, I was deeply impressed last week by President Nixon's address at the University of Nebraska on January 14. In tone and content, the President has advanced a program which I find is both visionary and practical. It is a program that addresses the key areas of the still gaping generation gap and I shall be proud to lend the President my full support in pursuing the goals he sets forth. I ask unanimous consent that a transcript of the President's speech be included in the RECORD.

There being no objection, the transcript of the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF THE PRESIDENT BEFORE A STUDENT-FACULTY CONVOCATION, THE UNIVERSITY OF NEBRASKA, LINCOLN, NEBR.

Mr. President, Mr. Chancellor, Governor Exon, Senator Curtis, Senator Hruska, all of the distinguished guests on the platform, and students, members of the faculty of the University of Nebraska, and I also understand that we have guests here from Nebraska Wesleyan and from Union College, and friends of the University of Nebraska.

I appreciate the honor that has been extended to me to visit this campus, and the opportunity to pick up a raincheck, in effect,