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term credit can be secured through channels other than the Export-Import Bank.

For the first thirty years of its life, the Export-Import Bank had no such restrictions. In 1964, the Foreign Assistance Appropriations Act forbade the Bank from guaranteeing export credits to any communist country unless the President determined such credits to be in our national interest.

Up until 1968, the President determined that such credits were in our national interest, and the prohibition had little effect. In 1968, however, the Congress amended the bill extending the Bank's lending authority, forbidding the use of Export-Import Bank credit to finance sales or guarantee credit in any sales to a country whose government is trading with any nation with which the United States is engaged in armed hostilities. Obviously, the legislation was aimed at countries trading with North Vietnam, and the reference to countries whose government is trading made the Act apply to the communist nations and not to our other major trading partners, whose nationals also may trade with North Vietnam.

For countries seeking to modernize industry and agriculture through large purchases of capital equipment, these prohibitions have virtually ruled out importing from the United States. Cash deals of such magnitude are generally out of the question, and without Export-Import support, few banks will extend medium or longer term credit. Since there is no modern basis for any peculiar fear of default with respect to East-West transactions, these restrictions are another example of short-sighted ideology interfering with economic and political realities. With Export-Import legislation due before Congress sometime by the end of the 1971 fiscal year, I am hopeful that these restrictions can be removed.

The other major barrier to expanded East-West Trade is the lack of Most Favored Nation treatment for these countries. With the exception of Yugoslavia and Poland, all the rest must pay the prohibitively high tariffs of the 1930's.

Ultimately, of course, a nation can buy from us only to the extent that it can secure U.S. dollars. By erecting high tariff barriers against East European nations, we make it extremely difficult for them to secure these dollars through direct trade with us. While there are number of factors at work in the following example, the fact that Poland's exports to the United States in 1968 accounted for more than one-half of all East European (including the U.S.S.R.) exports to the United States indicates something of the potential value of MFN status.

Attempts have been made in Congress to secure MFN treatment for Romania and Czechoslovakia—I, along with others, have introduced bills in the Senate for both nations—but the Administration and the Finance and Ways and Means Committees have not acted favorably on these measures. The Czechoslovakian invasion in 1968 barred what may have been a promise of securing MFN for that nation, and the bills now lie quietly in the respective House and Senate Committees. (MFN bills, dealing with the raising of revenue, go through the Senate Finance and the House Ways and Means Committees rather than through the Banking Committees, which have jurisdiction over Export Control and Export-Import Bank legislation.)

Another area where Congress can contribute to an expansion of East-West Trade is the cargo-preference restriction on sales of wheat and feed grains to East Europe. Since 1963, the Commerce Department has required 50% of all such sales to Russia and all of the wheat sold to Bulgaria, Czechoslovakia, Hungary, and East Germany to be shipped in American flag vessels.

The objective of such a restriction is not clear. The State Department has suggested

that such restrictions violate more than 30 commercial treaties we hold with other nations. Surely, the application of such a restriction only to agricultural products cannot conceivably further any kind of foreign policy or national security objectives.

The only remaining rationale is that cargo-preference serves as some sort of subsidy to the maritime industry. But even this is totally fallacious, since the effect of the cargo-preference restriction is to virtually exclude the United States from the entire East European wheat and feed grain market. Last year, for example, Russia bought some 30,000,000 tons of wheat and some 400,000 tons of corn from the West—and not one grain or kernel from the United States because of our "bottoms" requirement. In fact, there were no exports last year to any East European country of wheat, rice, barley, grain, sorghum, or wheat flour.

From 1965-1968, Canada shipped 551,000,000 bushels of wheat to East Europe while we shipped only 2,500,000 bushels. Yet, in the same period, we managed to sell 138,000,000 bushels to Poland and Yugoslavia—who are not included in the cargo-preference restriction.

In 1969, U.S. world exports of feed grains declined by 19%; corn by 10%; and wheat, grain, sorghum, oats, and barley declined by lesser amounts. Such statistics, alongside our ever-growing surpluses at home, clearly illustrate the need to expand U.S. agricultural exports. But where is the fastest growing agricultural market? East Europe, of course. To quote from the United States Department of Agriculture December 1969 Statistical Report on World Agricultural Production and Trade:

"World Trade (1969-70) is expected to increase, but competition will be keen. Increased exports should be reflected mainly in larger purchases by Mainland China, the northern countries of Eastern Europe, USSR, Japan, Pakistan, and Turkey. The bulk of the increase is expected to be in communist countries, areas where the U.S. does not trade." (p. 29)

Cargo preference is another reflection of our utterly irrational and self-defeating barriers to trade with the East. They deny nothing to the communists. They provide no business and no jobs for the American Merchant Marine. Yet they do succeed in shutting American agriculture—the most productive in the world—out of this vast potential market.

There are, as well, additional changes in the export control field which should be sought either through legislation or, hopefully, through executive decisions based upon the general Congressional mandate to expedite East-West Trade.

So much of the difficulty in getting licenses, for example, has been due to the delays, the red tape, the time, and the expense involved in the licensing procedures. Some changes were made before passage of the new Act. In May of 1968, the Office of Export Control announced a new procedure for licensing exports and re-exports of samples for trade shows in Eastern Europe. This change in the "firm order" rule means that a business can export samples to be used in trade shows without already having received a specific order for a commercial quantity of the commodity. The exporter, however, still needs to apply for a license before any of the commodities shown as samples can be sold.

Another change, relating to distribution licensing and parts agreements, will ease the paper work of American firms engaged in exporting commodities requiring validated licenses, by providing a single export license for a number of commodities for distribution within the country of destination in Western Europe. It also will expedite shipment of replacement items to both Western and Eastern European countries.

Finally, there is the exceedingly complex but serious problem of United States trade policies imposed upon other, often allied, nations. An American subsidiary in Europe, for example, is required by law to conform to the far more restrictive United States Export Control List, while its competitors in that nation are restricted only by the COCOM list. In addition, the question of extra-territoriality often arises, with the overseas company subject both to the laws of that country and to certain laws of the United States telling the company what can and cannot be exported. Obviously, the political and diplomatic strains can become as acute as the economic and financial ones.

A related problem has to do with the "end use" of an exported product. Controls are placed not simply according to the country initially buying the product, but also according to the country which is to eventually utilize the end product. For example, aircraft components cannot be sold to France if these will end up in an airplane to be sold to China. Thus, in addition to a "firm order," the U.S. exporter must list the names and addresses of all parties in the contract, a description of the nature and quantity of the items to be exported, the ultimate country and ultimate consignee, and the "end use" of the commodity.

It is no wonder that American businesses give up in despair, East Europeans are insulted, our allies are sorely irritated, and business is often lost, simply as a result of the tortuous paper work involved for all parties hoping to engage in East-West Trade.

The comments presented here are intended only as a general summary of where we are, where we most recently have been, and where I hope we may be heading on our course of pursuing more realistic trade policies with Eastern Europe. I must emphasize that neither I nor anyone else in Congress is blind to the potential dangers between East and West, or of the bitterness which the Vietnam war has driven between us. But I have become more and more convinced that our national security can be enhanced, our foreign affairs with allies and adversaries alike improved, our trade surplus increased, and our economy strengthened, by actually encouraging trade in peaceful, non-strategic goods with the nations of Eastern Europe.

Congress has taken its first step in this process, and I have outlined some of the next steps which I hope to see taken. The climate in Congress is becoming increasingly favorable and the prevailing mood of the key International Finance Subcommittee of the Senate is decidedly favorable to initiating additional steps with respect to Export-Import Bank financing and further Export Control legislation.

But it is time for the business, agricultural and financial communities to begin strongly asserting a view toward liberalizing these remaining East-West Trade restrictions. The automatic knee-jerk reaction against "trade with the Reds" is no longer even an acceptable conservatism. Change has begun, with vital economic, political and social ramifications. Change will continue when the Congress, and especially the Administration, know that it is both economically sound, strategically wise, and politically acceptable.

MINNESOTA HIGH SCHOOL STUDENTS SUPPORT SCHOOL INTEGRATION

Mr. MONDALE. Mr. President, a recent issue of the Minneapolis Tribune contained a very thoughtful and encouraging article entitled "Most Teenagers Support School Desegregation," written by Catherine Watson. The article discussed the results of interviews

conducted with 400 students in suburban high schools near Minneapolis who were asked their opinions of school integration. Eighty-eight percent of these students indicated in their responses that they supported school integration. And they explained why.

These students are keenly aware of the impact of racial isolation. They recognize the artificial nature of racially isolated schools, and detrimental effects of this isolation. One girl summarized the reaction of many students when she said:

I think it is important that children are exposed to other races, especially in the suburbs where they've never seen minorities. I think it's sad because we have to learn to live together.

Another student described the effects of racial isolation by stating:

You learn from people who have different ideas. If you stay where everybody is the same, you are just cut off.

Testimony presented before the Select Committee on Equal Educational Opportunity has demonstrated the way in which racial isolation in the schools has caused educational and psychological damage to students of all races. Numerous witnesses before the committee have described the importance of quality integrated education to both the achievement of individual students and the future of our society. The article I referred to and the survey results it includes, support these findings. I commend it to Senators and ask unanimous consent that it be printed in the RECORD.

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

MOST TEEN-AGERS SUPPORT SCHOOL
INTEGRATION

(By Catherine Watson)

(Editor's Note.—What do high school students think about today's issues and today's problems? In an effort to find out, Minnesota Poll interviewers talked with 100 students at each of four suburban Minneapolis high schools—Minnetonka, Richfield, Wayzata and Osseo. The surveys took place early this month. While the survey is not considered accurate enough for projection, it is considered to be an accurate reflection of student thinking.)

"Why not? We're all people." That was one white suburban high school student's response when he was asked if he thinks integrated schools are a good idea.

It sums up the view on integration of nearly all students interviewed in a recent survey at four Minneapolis suburban high schools. The schools, like their surrounding communities, are almost entirely white.

"We just have white middle-class views here," one student explained, "and I'd like to get their (minorities') views and ideas."

Eighty-eight percent of the 400 students surveyed said they think racial integration of schools is a good idea. A little under 2 percent of the students said they think integration is a good idea "only if there's no busing involved."

Asked if they'd like to see more minority students in their school, 88 percent said "yes."

But asked if they'd like to go to another school where more minority students were, the percentage saying "yes" dropped to 54 percent—and many seemed torn by loyalty to their present school.

"I'm happy here," said one girl who wouldn't want to transfer to a school with more minority students, although she said

integration is a good idea and thinks she'd date a minority person.

Another girl, also favorable to integration, said she wouldn't like to transfer herself because "it would be hard. Everyone would be different—I'm used to the same kids."

A boy who thinks integration would be good, who would like to see more minority students in his school and who would date a person of another race, balked at going to a school with a heavier minority enrollment "because of my sports."

"I'm not sure I could make varsity sports there—here, I have a good chance to make varsity," he said.

And another, also in favor of integration, said he wouldn't like to transfer because "I'd rather have the community integrated."

Many were opposed to busing, even when they favor integration. And the quality of education in different schools was a concern for some.

"It's a good principle (integration) and it improves relations, too, but it's not good to bus many miles to do it," one student said.

Only a few feared integration would "lead to conflicts" or that "people would call the Negroes names and then there'd be riots and it would be just one big mess."

One girl said integration is good, if started in early grades so youngsters grow up together. But if it is started when students are high-school age, she said, "then there'd be fights."

A few admitted to prejudice—either their own or their families': "I'm not prejudiced but my parents wouldn't like it (integration)," a girl said. "This is why we had to move here—because we came from north Minneapolis."

If there was integration in her suburban school, however, she said, "we could see that the color of skin makes no difference."

As for transferring to a more heavily minority school, one boy expressed reservations about the quality of education he'd get—would it, he wondered, prepare him for college?

Another said, "I try not to be prejudiced and if they came to (his school) they would get a good education."

The students tended to think their communities contain more racial prejudice than their schools do.

Twenty-five percent said "most" people in their neighborhoods are prejudiced; 38 percent said "some" are and 32 percent said "a few" are. About 3 percent said no one is.

Seniors tended to be more suspicious of prejudice in their neighborhoods than sophomores: 36 percent of 12th graders said "most" people in their neighborhoods are prejudiced, compared with 19 percent of sophomores and 20 percent of juniors who said the same thing.

In their schools, however, 41 percent said "a few" students are prejudiced and 44 percent said "some" are, while only 12 percent said "most" are prejudiced.

They placed much emphasis on the idea that people of other races "are just the same as us."

"We are all persons—there's no difference between black and white," one boy said.

"I don't think it's right that they be segregated—they have just as much right as we do," said a girl.

And there were other reasons—chiefly an awareness that white suburban living isn't an accurate reflection of the world.

"I think it's important that children are exposed to other races, especially in the suburbs where they've never seen minorities," another girl said. "I think it's sad because we have to learn to live together."

One girl, herself a Negro, said the same thing. "I don't think they get a full view of how life really is until they've been together. They will find this out later, so in school they can learn how."

"The only way to remove your prejudices is to go to school with them," a boy said.

"Integration would help you get along with other people, and besides it's better for the country," a girl said, "because the races might understand each other better and learn to accept each other."

"Our discussions are always one-sided," a boy complained. "We don't get the opportunity to see the other side of the issue."

Another explained a feeling of suburban racial isolation this way: "You learn from people who have different ideas. If you stay where everybody is the same, you are just cut off."

HEALTH BUDGET CRISIS—NEED
FOR INCREASED FUNDS

Mr. KENNEDY. Mr. President, one of the most critical aspects of the current Federal budget is the inadequate level of appropriations requested by the administration for Federal health programs. The situation is especially critical in the area of health manpower, but increased appropriations are also urgently needed in the areas of health research and health services.

I had the opportunity to deal with many of these issues in testifying this morning before the Labor-HEW Appropriations Subcommittee, presided over by its chairman the distinguished Senator from Washington (Mr. MAGNUSON).

I commend Senator MAGNUSON for his extraordinary efforts in recent years to alleviate the increasingly serious crisis in the Federal health budget. We in Congress made a strong beginning in the Appropriations Act for fiscal year 1970, and I hope we can make an even better record for fiscal year 1971.

Mr. President, I ask unanimous consent that my testimony before the Appropriations Subcommittee be printed in the RECORD.

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

TESTIMONY OF SENATOR EDWARD M. KENNEDY

I am pleased to have this opportunity to appear before you today and to offer my views on the health aspects of the Labor-Health, Welfare and Related Agencies Appropriations bill for fiscal year 1971.

In my testimony today, I would like to discuss three major elements of our Federal health system as they relate to the budget under consideration: (1) health services; (2) health research; and (3) health manpower. Because these three elements are so closely related to one another, it is impossible to say that one aspect is more important than any other. We know, for example, that health research leads to improved health services, which in turn can only be delivered by adequate numbers of well-trained health manpower. The crucial consideration is that today's advance in the laboratory should be translated as rapidly as possible into tomorrow's service to the patient.

HEALTH SERVICES

At the outset, I would like to emphasize the urgent need for increased funding for many of the most important health service programs administered by the Public Health Service of the Department of Health, Education and Welfare.

I am especially concerned about the Administration's budget policies with respect to Federal programs in the areas of mental retardation and mental health. We are all well aware that the treatment of the mentally retarded has been one of the most shameful chapters in the history of American