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When the Armenian people won their independence, they wanted only to live in peace with their neighbors. They envisioned a nation of integrity, with respect for individual rights flourishing under democratic institutions. These expectations were as right in 1918 as they are today.

So, it is with great respect that we send our words of courage and hope to our Armenian friends. We assure our fellow Americans of Armenian descent, who are concerned about the fate of their ancestral home, that we shall never relax in our efforts to secure freedom for every man who strives toward this goal. As long as the desire for freedom and independence burns in the hearts of the Armenian people, it shall burn in the hearts of every American.

#### THE NEW HAVEN RAILROAD AND MERGER PLANS

Mr. RIBICOFF. Mr. President, the commuters using the New Haven Railroad received a rude rebuff yesterday from the New York Central and the Pennsylvania Railroads. These two giant companies, seeking ICC permission to merge into a still larger combine, gave the ICC three proposals for leaving the New Haven out of their proposed merger plans. Under each of the proposed merger plans, the New Haven is left out in the cold, and so are the New Haven's commuters.

If there is to be any merger at all, it is vital that the New Haven passenger service be included. The New York Central and the Pennsylvania show a callous disregard of the public interest by ignoring this basic fact. Naturally, the sole concern of these two major carriers is to seek inclusion only of profitable routes, regardless of the needs of passengers. Fortunately, the ICC applies a higher standard—that of making sure the public interest is served.

Any merger that failed to include the New Haven's passenger service would clearly not be in the public interest. I believe the ICC recognizes this; but should its decision on the merger application ignore this fact, I will initiate whatever legislative action may be necessary to block such a result.

The New York Central and the Pennsylvania must not be allowed to consolidate their position in the New York metropolitan area without making provision for the needs of one of the largest groups of rail users in that area. The alternatives which the major carriers suggested yesterday are thoroughly unrealistic. They seek the benefits of merger, without the responsibility of service to commuters. They must not be permitted "to have it both ways."

#### DAY-CARE SERVICES FOR CHILDREN OF WORKING MOTHERS

Mr. RIBICOFF. Mr. President, on May 19, I inserted in the CONGRESSIONAL RECORD a radio script about the urgent need for day-care services for the 5 million young children of working moth-

ers—almost half a million of whom are left to drift on their own, each day. This was one of the programs, entitled "Dimension of a Woman's World," by the noted radio and television commentator, Betty Furness.

Miss Furness has now followed up this program with another on the services for these children—and what they should be. I ask unanimous consent that it be printed in the RECORD.

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

##### DIMENSION OF A WOMAN'S WORLD

Day care for young children can be one of the most important services a community can offer. It can hold families together when a mother is ill—or troubled, or most often, has to work. (And today, millions of mothers with young children, do have to work.) Good day-care services can provide help for children with problems, emotional or physical. It can bring out into the world, young children who because they are blind or handicapped might otherwise be absolutely housebound.

Many communities have been reluctant to supply day-care services on the grounds that they are somehow a sweet but unnecessary charity—kind of like an organized babysitting club. But this is a very unrealistic point of view.

We talked to people at the National Committee for the Day Care of Children and they point out that year after year we spend money trying to rehabilitate children, who through neglect have gotten into trouble.

In corny, old-fashioned language, they've simply had bad starts in life.

Why, these experts demand, do we have to wait for a family to collapse before we move in to help them? How can we allow almost half a million children to wander around in neglect—for whatever reason?

That day-care service is desperately needed all over the country, is indisputable, that it comes in many forms, however, is often not known.

Most people are familiar with centers for preschool children, and we'll get back to these in a minute. But there are other kinds of day-care services. For instance, housekeepers are provided when parents are sick and simply can't take care of their children. Or sometimes when a mother has died and a father is left on his own with little children to cope with.

In these cases, a really good, trained person, can often hold a family together until the children grow older or the parents are able to take over for themselves.

Sometimes a family can afford to help pay for these services—sometimes they can't. But even if an agency has to assume the full cost of a housekeeper's salary for several years, it is still far cheaper than breaking up the family and sending the children to institutions or foster homes.

Cheaper in terms of money, and certainly cheaper in terms of people's lives.

A similar service is provided by some agencies for children under three. These babies are simply too young to join a day-care group. They do not do well thrown in with a lot of other children, so instead they are often cared for in private homes on a daily basis. Their mothers bring them in the morning, pick them up at night, and are with them over the weekend.

The day-care centers take care of the 3- to 6-year-olds.

And researching this subject we discovered that many people resist the idea of providing these facilities because they are against women with young children going out to

work. This is also unrealistic; because whether it is ideal or not, many of these people have no choice. They work because they have to. And this is where the communities help is necessary.

How do you build a day care center? Well, in most towns the first step is convincing people that there is a need. And the National Committee for the Day Care of Children has all kinds of material designed to help you do just that. They'll provide you with sheafs of facts and figures, and the reasons why.

They also sent us a book of standards drawn up by the Child Welfare League describing precisely what good day-care service should include. It goes into everything. Food, staff, even lists necessary toys and play equipment.

It is only some 8 pages long, but it is a remarkable handbook that copes with the mechanics and philosophy of this business.

"Day-care service," it says, "is designed to protect children by providing part-time care and guidance, when their families are unable to meet their needs without some assistance from the community."

Then it goes on to say, "and to make it possible for children to have healthy and constructive experiences during the time they require such care."

It seems to me this is a very small investment, when you consider that in 15 or 20 years these children will be part of the new generation.

#### FOREIGN POLICY—TRADE WITH RUSSIA, CUBA, RUMANIA, AND HUNGARY

Mr. DOMINICK. Mr. President, I wish to discuss a subject which I believe to be of extreme importance both to the Senate, as a body, and to the entire country.

Last November, shortly after the tragic death of President Kennedy, we in the Senate had before us, for debate and vote, Senate bill 2310, initiated by the Senator from South Dakota [Mr. MUNDT] and which I had the privilege of cosponsoring. That bill was to prohibit any guarantee by the Export-Import Bank or any other agency of our Government of payment of obligations of Communist countries.

All Senators who were present on that occasion will recall the discussion on the floor and the agreement to have short hearings held before the Banking and Currency Committee, with a definite date set, by which the bill would be reported to the Senate. Not all Senators had a chance to attend the hearings; and because of the short time interval, practically no one had a chance to review the hearings record.

Shortly after the bill was reported to the Senate by a divided vote in the committee, debate ensued; and, with strong administration pressures, the bill was passed by an extremely close vote.

Mr. President, the bill was passed more as a memorial to the late President Kennedy and as a reaffirmation of faith in President Johnson than as a carefully considered and logical policy. The obvious dangers, I believe, were glossed over or were wholly ignored; but the results of those policies are now coming home to roost.

Let me give an example: Ever since our Government broke diplomatic relations with Cuba, our country has been engaged in a national effort to impose on Cuba an economic quarantine; and our Government has also been doing its best to persuade our allies and other countries to refrain from trade with Cuba, so that Cuba's Communist government might be more readily deposed by the Cuban people. The need for this has been stated on this floor again and again and again. I have made more than five speeches in which I outlined for the Senate the continuing dangers to this hemisphere originating from this Communist base; and only 10 days ago I pointed out, here on the floor of the Senate, that information publicly available states that the Cubans are in possession of underwater missiles with a 1,200-nautical-mile range—missiles designated as the Golan II. These missiles, if in existence, have a range sufficient to enable their use to decimate the entire eastern half of the United States; and they are not subject to inspection or discovery by aerial surveillance, for they operate from the floor of the ocean, and are movable by submarines or trawlers. We all know from news media of the operations of the Russian trawler fleet off Florida and the forays of the Russian submarines off of our coast. Keeping in mind our national policy of cutting off trade with Cuba—and we have added to that the thought that we should try to prevent Cuba from exporting subversion, which obviously we have not succeeded in doing—what happened when we rejected the bill introduced by the Senator from South Dakota [Mr. MUNDT] and agreed to sell wheat to Russia on a credit basis, supported by the credit of the Export-Import Bank, the capital of which is derived from the U.S. taxpayers?

The very first thing that happened was the diversion from Halifax of a ship loaded with Canadian wheat initially bound for the Soviet Union. Instead, it was sent to Cuba. This, in turn, was followed almost immediately by British agreements to sell buses to Cuba, thus increasing Cuban transportation capabilities; French agreements to sell trucks, bulldozers, and locomotives, thus increasing not only transportation facilities but general industrial strength; and Spain's agreement to sell fishing vessels to a host of other countries, including Portugal and Italy, negotiating to supply Communist Cuba with the necessary facets of a modern economy.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article from the Christian Science Monitor dated January 30, 1964, detailing some of the negotiations then going on between other countries and Cuba. Keep in mind that this was only some 60 days after we had originally denied the validity of the bill introduced by the Senator from South Dakota [Mr. MUNDT] and had embarked on the policy of trading with Russia.

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

#### CUBA ELUDES BOYCOTT

(Trade between Cuba and the non-Communist world is continuing—and in some cases even increasing—despite U.S. efforts to prevent it. This is the principal finding of correspondents of the Christian Science Monitor in various countries asked to report on trade between Cuba and their areas. As the following dispatches indicate, most countries observe the American ban on strategic exports to Cuba, but few discourage nonstrategic trade.)

#### BRITAIN

(By John Beaufort)

Britain's position on Cuban trade is that the United Kingdom maintains the same peaceful diplomatic and commercial relations with the Castro regime as with previous Cuban Governments.

Britain has, however, voluntarily applied to Cuba the North Atlantic Treaty Organization Cocom list. (This list enumerates strategic goods and materials which NATO countries agree not to export to the Communist bloc.)

These restrictions apart, Whitehall sees no military, political, economic, or ideological reason for curbing normal trade with Cuba. London does not feel compelled to modify its commercial policies to meet Washington's apprehension that any trade strengthens Premier Fidel Castro's ability (a) to remain in power and (b) to export Castroism to Latin America.

The British rather take the line expressed by Prime Minister Sir Alec Douglas-Home in his recent U.S. television interview that people become "less Communist when they are more comfortable." The Labor opposition agrees with the Conservative government on this line.

#### FRANCE

(By Harry B. Ellis)

Three facts dominate the French Government's attitude toward trade with Cuba:

1. France never has sold to Premier Castro's Cuba on credit, only for cash.
2. The Cuban Government recently opened in Paris a permanent trade mission and wants to buy French trucks, bulldozers, and other heavy equipment. Reportedly the Cubans are seeking \$10 million worth of French credits to finance such deals.
3. Businessmen in the hard-hit, heavy-equipment sector of the French economy would like to boost their exports—and so would the French Government.

From this melange emerges the following: France, busy cultivating trade opportunities throughout the Communist world, has no moral objection to nonstrategic trade with Cuba. Deals will be consummated if Paris becomes convinced Cuba is a sound credit risk.

This is apart from sales for cash, which will continue. In the first 6 months of 1963 France sold Cuba \$2,340,000 worth of goods and bought \$1,500,000 worth in return.

#### CANADA

(By Bruce Hutchison)

Apart from strategic goods Canada will sell anything to Cuba but it is not selling much. Last year's sales amounted to about \$4 million, the smallest figure in modern times.

All exports to Cuba are controlled by strict regulations that apply only to it and other Communist countries.

The government's first "control list" includes all forms of military armaments and their components. None of these things may be shipped to Cuba.

A second list specifies goods produced in the United States and shipped to Canada. None of them may be exported to Cuba.

These regulations implement Canada's view that trade with Communist countries is gen-

erally desirable provided it does not contribute to their strategic strength.

#### NORTH AFRICA

(By John K. Cooley)

Ideology yields to necessity in North Africa where about 27 million people use sugar coming largely from Cuba as a basic food and where governments are striving to escape from economic dependence on the former colonial power, France.

Morocco, Algeria, and Tunisia are all buying more raw Cuban sugar and selling to Cuba about half its value in phosphates, cement, pipe, canned sardines, grains, and cork products.

Of the North African countries only Socialist Algeria, which has the closest and friendliest relations with Havana, evokes ideology in what President Ben Bella has called "an economic policy conforming to our Socialist choice."

Anti-Communist Morocco has agreed to purchase 1 million tons of raw Cuban sugar by the end of 1965. The prices Cuba offered Morocco have been as much as 30 percent below those ruling on the world market.

During the recent brief diplomatic rupture with Cuba, Moroccan officials expressed apprehension because no other major world sugar source is presently available to this country.

Cuba is second only to France as a customer for North African canned fish which is increasingly hard to sell in competitive European markets.

#### WEST GERMANY

(By Ernest S. Plisko)

Bonn's policy toward Fidel Castro's Cuba largely parallels that of the United States.

The West German Federal Republic has no diplomatic relations with Cuba; nor has it a trade treaty with it.

There is no ban on private trade with Communist countries—except for strategic goods—but according to available evidence, the total of West German exports to and imports from Cuba appears to be very small.

According to a voluntary agreement between the Bonn Government and the West German shipping lines, West German vessels will keep out of Cuban waters. The chartering of West German ships to sail under Cuban flags has been prohibited.

#### ITALY

(By Walter Lucas)

The Italian Government has adopted no special policy regarding Italians trading with Cuba. In practice, mutual trade between Italy and Cuba is carried on freely on ordinary commercial lines.

Permission for an export license from the government is only necessary on exports involving long-term credits in which normal banking finance is backed up by government insurance. In such cases an application for an export license would be approved on its merits.

The decision is generally made on commercial, not political grounds. Since, however, the financial position in Cuba does not favor long-term credit operation, few licenses are given.

In any case Italo-Cuban trade is small. In 1962 it amounted to only \$1.7 million both ways. This increased to \$36 million both ways in the first 9 months of 1963. Almost the whole of this great increase was due to large purchases of sugar after the failure of the Italian sugar beet crop.

A certain number of Italian ships on long-term charter contracts with the Soviet Union and Poland make regular trips to Cuba. Over these the Italian Government has no control.

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## BELGIUM

(By H. G. Franks)

The Belgian Government has officially announced it is opposed to any economic boycott of Cuba, will support full commercial freedom except for strategic goods, and still favors maximum possible trade relations with Cuba.

Belgium's annual imports from Cuba have fallen from 264 million Belgian francs (\$5,280,000) before the U.S. action to only 23 million now, while exports have more than halved to under 200 million. But the Foreign Minister told the Belgian Parliament a short time ago that this decline was definitely not resulting from political pressure on firms by the government, as such pressure would be contrary to public freedom of action.

## NETHERLANDS

(By H. G. Franks)

The United States has not approached Holland directly to join in the economic stranglehold on Cuba, except to give the general warning that ships engaging in Cuban trade risk being blacklisted.

Nevertheless, the comparatively small Dutch trade has been affected by the Cuban struggle. Imports, mainly tobacco, have dropped by two-thirds to 13 million guilders (\$4,591,000), although exports, mainly margarine and fats, have remained the same at 29 million guilders. But the Dutch Government treats Cuban trade only as an academic problem not sufficiently important to justify any official pronouncement.

## SPAIN

(By Richard Mowrer)

Spain's attitude toward trading with Cuba is that Premier Castro's regime is communist and therefore reprehensible. But the real source of the Communist threat to the free world is Moscow, not Havana. Thus it is evading the issue to seek to impose an economic blockade on Cuba alone.

A stepping up of trade between Cuba and Spain is expected in the coming months. Negotiations toward an agreement on the exchange of Cuban sugar for Spanish fishing vessels is far advanced. Under the proposed arrangement, Spain would receive between 300,000 and 350,000 tons of Cuban sugar over the next 3 years and in exchange build \$50 million worth of fishing vessels—perhaps as many as 100—for the Castro regime.

El Español, a weekly published by the Ministry of Information in Madrid, says, "To be effective a blockade must be complete, but the blockade of Cuba decreed by Washington is not complete because the Communist countries are left out of it, and it is they who help Castro the most."

It is also contended that the United States itself failed to set a blockade example by giving Premier Castro \$65 million worth of medicines and food to ransom the Bay of Pigs prisoners and by hiring Cuban labor for the Guantanamo base, whose wages are converted into dollars for Cuba at the rate of \$5 million annually. The feeling here is that neither Spanish trade nor the 40,000 Spanish nationals living in Cuba should be penalized for the Bay of Pigs fiasco and the failure of the Cuba policy of the United States.

Mr. DOMINICK. During the hearings before the Senate Committee on Banking and Currency there was a brief opportunity to hear from Prof. G. Warren Nutter, chairman of the James Wilson Department of Economics at the University of Virginia, and a recognized expert on the Soviet economy. In his statement Dr. Nutter made some very important points, which unfortunately were overlooked by many Senators in

the emotional catharsis surrounding the bill when we took it up for debate. Because I believe it is so important, I should like to outline for the Senate as a whole and for the country some of the statements which Dr. Nutter made at the hearing. They appear on page 68 of the hearing record. He said:

As I understand it, the basic issue before this committee has to do with the advisability of making the credit insurance program of the Export-Import Bank available for underwriting private loans advanced to Communist countries to finance their purchases of products in this country. To place this issue in a concrete setting, it seems reasonable to begin by examining the matter of our recent wheat sales to Communist countries and how such an underwriting of credit risk would affect them. As I understand it, the bill under consideration arose out of circumstances surrounding these transactions. I think it will be clear that the main line of argument would apply to any commodity other than wheat that might play a similar role in the future.

Dr. Nutter then continued on page 69 of the hearing record:

The troubles being encountered by the Soviet leaders are of their own making, and they should find their own solutions. It is idle to believe that any assistance we offer will be rewarded with gratitude. Kindness on our part will be taken merely as a sign of weakness, the action of a degenerate adversary contributing to his own destruction.

The form our response should take is clear. If we decide that a one-shot sale of wheat to the Soviet Union would bring us any important lasting benefit—which, incidentally, is not evident to me—then we should drive the hardest bargain possible in making the sale, preferably exacting political concessions.

Dr. Nutter then said:

In dealing with such a system—

And he was talking about the Soviet system—

we only harm ourselves in not charging the highest price possible. If we decide to sell wheat to the Russians, let us sell it on our own terms, on an all-or-none basis. They are then free to take it or leave it, as other countries normally are in dealing with the Russians.

Dr. Nutter continued:

So much for the situation if it is simply a temporary emergency. Suppose, on the other hand, that Soviet imports of wheat are likely to be a regular event in the future.

We have no solid ground for believing that the nature and objectives of Soviet communism have changed in any significant degree in recent times. Only the problems facing that system have changed, and with them the tactics followed.

One might well wonder whether this central fact has not been forgotten by the administration.

Continuing on page 70, in the same context, Dr. Nutter said:

It is true that the public has been informed of two benefits to this country from this sale of grain.

And I think these are extremely important points, Mr. President:

First, our surplus stocks of grain, accumulated as a result of the policy of subsidizing agricultural production through price supports would be reduced. Second, the deficit in our current international balance of payments would be reduced.

These are the two points that we give as arguments in favor of the sale of the wheat; these are Dr. Nutter's comments on those points:

It is important to point out that these benefits would accrue to us whether our grain is sold by us directly to Communist countries or indirectly through other countries. That is to say, there is no substance to the argument that we should sell directly to the Communist countries because, if we don't they will simply buy the same commodities from some dealer, say, a German firm, who has bought them from us. If we sell the goods indirectly, so the argument goes, we merely let some other country, say, Germany, make a profit in acting as intermediary. Hence, the argument concludes, we should be willing to make some concessions to the Communist countries in order to make a direct sale.

The entire argument is, of course, fallacious.

Professor Nutter continued:

Only if the sales are made on credit does the American balance of payments have no improvement for as long as the credit is outstanding.

The moral is simple: If we decide to make wheat available directly or indirectly to Communist countries, we should sell it at the highest cash price we can get, regardless of who the immediate buyer is. Our best chance of driving a hard bargain is to deal directly with the Communist countries on an all-or-none basis, provided we can control the volume of indirect sales. In any event, there is no sense whatsoever in setting favorable terms just in order to make a direct sale.

Granting special concessions to the Communist countries would indeed be sadly ironic.

I believe this is an extremely important point:

We have given foreign aid to various countries in order to inhibit the spread of communism. This foreign aid has helped to bring about a deficit in our current international balance of payments. We would then propose to correct that deficit by giving aid to Communist countries.

I believe that is as clear an exposition of the fallacy of that argument as we have had. Dr. Nutter continues:

We should also recognize that any financing of wheat sales by extension of credit in dollars, no matter who extends the credit, has no effect in easing our deficit in the current international balance of payments for as long as the credit is extended. This is another reason for doing nothing to encourage credit financing of sales to Communist countries.

He adds:

Of course, everything I have said this morning would apply in greater or lesser degree to trade in any other commodities with Communist countries.

It seems to me that that is such a plain statement of fact that it must have been overlooked by many Senators in the process of trying to determine what position they would take in relation to the bill (S. 2310) introduced by the distinguished Senator. If we are to give credit, and we do not wish to help our position in respect to our deficit in the international balance of trade, it seems to me that is perfectly obvious. But there are other things which I think are equally important.

In order to make sure that no one thinks that I have quoted the good pro-

fessor out of context, I believe it would be helpful to have the statement in the RECORD. Therefore, I ask, unanimous consent to have printed at this point in the RECORD the statement made by the professor, which is contained on pages 67 to 72 of the hearings before the Committee on Banking and Currency.

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

STATEMENT OF G. WARREN NUTTER, CHAIRMAN, JAMES WILSON DEPARTMENT OF ECONOMICS, UNIVERSITY OF VIRGINIA

Dr. NUTTER. Thank you very much.

Mr. Chairman and members of the committee, it is an honor to appear before this committee to offer my opinions on the important matters now being deliberated. So that the committee will not be misled, let me make it clear that my claim to competence in discussing the issues before you is a limited one. I am not an expert on international trade and finance. And, although I have spent a number of years doing research on the Soviet economy, this work has been done in an academic environment, which means that I normally consider myself fortunate if I have managed to catch up with happenings of 5 years ago. I have tried in recent months to become better acquainted with the current economic situation in Communist countries, but I would not claim expert knowledge. What I have to say this morning derives, therefore, more from my broad views on the trend of events over the last decade than from detailed knowledge of present conditions.

As I understand it, the basic issue before this committee has to do with the advisability of making the credit insurance program of the Export-Import Bank available for underwriting private loans advanced to Communist countries to finance their purchases of products in this country. To place this issue in a concrete setting, it seems reasonable to begin by examining the matter of our recent wheat sales to Communist countries and how such an underwriting of credit risk would affect them. As I understand it, the bill under consideration arose out of circumstances surrounding these transactions. I think it will be clear that the main line of argument would apply to any commodity other than wheat that might play a similar role in the future.

The Soviet Union, as we all know, has historically been an exporter of wheat, not an importer. This has been the case despite the generally poor record of growth in agriculture, because Soviet authorities have preferred other products over food. Over the 4 years, 1958-61, Soviet exports of wheat amounted to more than a tenth of the harvested crop, but annual exports declined from about 7 million metric tons in 1958 and 6 million metric tons in 1959 to 4.8 million metric tons in 1961. Although I do not have the figures at hand, I should imagine that exports were even lower in 1962. Even exports of this level have hung precariously on successful production in substantial volume from the virgin lands in south-central Asia, plowed up and put to seed over the last decade.

This year there was a serious crop failure of a magnitude yet to be accurately determined, but apparently primarily in the virgin lands region. As a result, the Soviet Union has already agreed to purchase about 6.5 million metric tons from Canada and is negotiating with firms in this country for perhaps 4 million metric tons. European satellites are apparently negotiating for an additional 2.5 million metric tons. How much of this sum is destined for internal consumption in the Soviet Union and how much for fulfillment of export obligations, including those to its European satellites, is

still in doubt. But the fact remains that the Soviet purchases alone amount to around a fifth of the Soviet crop of the last few years, and this suggests that the crop failure was quite substantial.

As we deliberate over how we should act in the situation that has developed, the first question we should face is whether Soviet imports of wheat are likely to be only temporary or whether they are likely to become a normal occurrence over the indefinite future.

If the situation is temporary—if the crop failure this year has been caused by extraordinary events not likely to recur—then we should view the wheat shortage as just another factor causing severe economic difficulties at the moment in the Soviet Union. These difficulties have resulted from the concurrence of several developments: a normal slowing down in the economic growth rate, the inefficiency of the organizational system in dealing with an increasingly complex economy, and the heavy burden of the military-space program.

If this is the situation, how should we respond to it? The troubles being encountered by the Soviet leaders are of their own making, and they should find their own solutions. It is idle to believe that any assistance we offer will be rewarded with gratitude. Kindness on our part will be taken merely as a sign of weakness, the action of a degenerate adversary contributing to his own destruction.

The form our response should take is clear. If we decide that a one-shot sale of wheat to the Soviet Union would bring us any important lasting benefit—which, incidentally, is not evident to me—then we should drive the hardest bargain possible in making the sale, preferably exacting political concessions. We should lay here the utter hypocrisy in the indignant protests of Khrushchev against "discriminatory pricing." It is in the very nature of the Soviet system to exploit each trading partner as much as possible. Uniform, nondiscriminatory prices play no role in Soviet trade except for the relatively small purchases from the United States and a few other countries. The great bulk of trade is conducted on a bilateral, discriminatory basis. In dealing with such a system, we only harm ourselves in not charging the highest price possible. If we decide to sell wheat to the Russians, let us sell it on our own terms, on an all-or-none basis. They are then free to take it or leave it, as other countries normally are in dealing with the Russians.

So much for the situation if it is simply a temporary emergency. Suppose, on the other hand, that Soviet imports of wheat are likely to be a regular event in the future. This is by no means out of the question, for there is a real possibility that the virgin lands have been turned into an unproductive dust bowl for some time to come. How, then, should our attitude differ? In this case we might well be more lenient in the terms of sale that we exacted at the moment, only on the condition, however, that a definite commitment were made for continuing purchases over a reasonably long period of time. Before reaching a decision on what to do in this case, we should need to re-examine our entire trading policy toward the Soviet bloc, and let our decision on the sale of wheat derive from that general decision.

In neither case should we rush into agreements, and our actions should be guided solely by cold considerations of what is in our best interest. We have no solid ground for believing that the nature and objectives of Soviet communism have changed in any significant degree in recent times. Only the problems facing that system have changed, and with them the tactics followed.

One might well wonder whether this central fact has not been forgotten by the administration. The administration has rushed

into an agreement on the sale of wheat. It has seemingly leaned over backward to make sure the terms were not too harsh. It has responded to every objection raised by the Soviet leaders against proposed terms by denying that we were imposing conditions in any way different from those imposed on others. It has essentially put on kid gloves to make sure that it treated Soviet negotiators with special tenderness, for fear that the sale otherwise might not go through. In brief, an outsider would be justified in concluding that, for some reason unknown to him, the primary beneficiary of this transaction is supposed to be the United States.

I speak, of course, as an outsider, unaware of the host of factors being weighed by the administration in negotiating this commercial transaction with Communist countries. Perhaps there are impelling reasons why the administration is anxious to conclude an agreement with the Soviet Union and its satellites on terms less favorable than could be achieved through tougher and more protracted bargaining. But those reasons remain unexplained and therefore beyond the realm of discussion.

It is true that the public has been informed of two benefits to this country from this sale of grain. First, our surplus stocks of grain, accumulated as a result of the policy of subsidizing agricultural production through price supports would be reduced. Second, the deficit in our current international balance of payments would be reduced.

It is important to point out that these benefits would accrue to us whether our grain is sold by us directly to Communist countries or indirectly through other countries. That is to say, there is no substance to the argument that we should sell directly to the Communist countries, because, if we don't, they will simply buy the same commodities from some dealer, say, a German firm, who has bought them from us. If we sell the goods indirectly, so the argument goes, we merely let some other country, say, Germany, make a profit in acting as intermediary. Hence, the argument concludes, we should be willing to make some concessions to the Communist countries in order to make a direct sale.

The entire argument is, of course, fallacious. The only matters of importance are whether we sell the wheat in the first place, and how much we get for it in the second place. It does not matter who buys the wheat so far as the central issue here is concerned, as long as no additional goods are imported into this country or no credit is extended by our citizens in connection with the sale.

If we can sell to a German firm at an acceptable price, it would be folly to sell directly to the Communist country of ultimate destination at a reduced price just to make a direct sale. On this score, it also makes no difference whether the payment is in gold or convertible currency. The effect on sales of surplus stocks and on the balance of payments is identical in both cases. Only if the sales are made on credit does the American balance of payments have no improvement for as long as the credit is outstanding.

The moral is simple: If we decide to make wheat available directly or indirectly to Communist countries, we should sell it at the highest cash price we can get, regardless of who the immediate buyer is. Our best chance of driving a hard bargain is to deal directly with the Communist countries on an all-or-none basis, provided we can control the volume of indirect sales. In any event, there is no sense whatsoever in setting favorable terms just in order to make a direct sale.

Granting special concessions to the Communist countries would indeed be sadly ironic. We have given foreign aid to various countries in order to inhibit the spread of communism. This foreign aid has helped to bring about a deficit in our cur-

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rent international balance of payments. We would then propose to correct that deficit by giving aid to Communist countries.

This brings me to the question before the committee this morning. The primary effect of governmental underwriting, through the Export-Import Bank, of credit risks incurred by private lenders to Communist countries is to reduce the cost of credit to those countries. There is no reason for us to reduce the cost of credit to Communist countries unless we wish, as a general and longrun policy, to encourage expansion of our trade with them. If we are to embark on this course, we should do so only after careful consideration of its full consequences. As far as I can see, nobody in authority has argued that the present negotiations of wheat sales is the first step in a general program of trade expansion with Communist countries.

The question of underwriting aside, we should also recognize that any financing of wheat sales by extension of credit in dollars, no matter who extends the credit, has no effect in easing our deficit in the current international balance of payments for as long as the credit is extended. This is another reason for doing nothing to encourage credit financing of sales to Communist countries.

Of course, everything I have said this morning would apply in greater or lesser degree to trade in any other commodities with Communist countries.

The issue of governmental underwriting of credit risks involving Communist countries is likely to arise from time to time in the future as transactions involving other commodities come under consideration. In the absence of a broad decision by Congress to encourage expansion of trade with Communist countries, it would therefore seem prudent to enact into law the bill now before this committee.

I thank you for the courtesy of your attention.

The CHAIRMAN. Dr. Nutter, you have given us an interesting statement. I want to ask one question.

When I was a boy I used to hear about black bread in czarist Russia; that was rye bread, wasn't it?

Dr. NUTTER. Yes, sir.

The CHAIRMAN. And you can produce three or three times as many bushels of rye out of the same ground as you can wheat, and rye is cheaper. They ate cheap bread and exported the wheat.

Let's check the figures. I understand we have in the Commodity Credit Corporation 1,200 million bushels of wheat. And the Russians say they would like to buy 140 million bushels. If so, they want to buy about 12 percent of our surplus. Are those figures in accordance with yours?

Dr. NUTTER. I believe so, expressed in terms of tons.

The CHAIRMAN. They were given to me as substantially correct. It is your contention then, that if they should be suffering from a shortage due to drought, on a one-shot sale we will get rid of only 12 percent of our surplus, which won't solve that problem, and we will have violated our previous trade policy, and as Cicero might say, cui bono. Is that your position?

Dr. NUTTER. That is essentially my position, any change we make in the conditions of sale at this point involves a decision on our longrun trade policy.

The CHAIRMAN. So your contention is, if it is going to be a one-shot sale, how about taking the troops out of Cuba as a condition, how about tearing down the wall in Berlin, how about easing up on competition in military respects? You think we are not negotiating hard enough if this is going to be a one-shot deal?

Dr. NUTTER. That is my opinion, sir.

The CHAIRMAN. Any questions?  
(No response.)

The CHAIRMAN. Thank you very much.

Now, I am going to ask the distinguished Senator from New York if he won't present and perhaps endorse the next witness from his home State.

Senator JAVITS. If the witness will come forward, Mr. Chairman, I will be happy to present him, though not endorse his statement. I don't think my position coincides with the witness.

The CHAIRMAN. I was just throwing that out as a possibility. Dr. Gerald Steibel. He is foreign policy director of the American Research Institute. I know you want to commend the research.

Senator JAVITS. That is a very distinguished organization in New York headed by Leo Cherne and Carl Hubbard.

The CHAIRMAN. All right, you may proceed. Senator JAVITS. I know them both very well, Mr. Chairman, and I am very glad to introduce the witness to the committee.

Mr. STEIBEL. This is a challenge, Senator, to see whether I can convert you.

Mr. DOMINICK. Mr. President, every time we have protested to our friends and allies about trading with Cuba, we have been answered with the irrefutable logic, "Why should we cut off trade with a satellite of Russia—Cuba—when you are trading directly with Russia?"

As a side issue, I suggest that to trade with Russia has enabled it to shift its concentration from its own internal economic problems and has freed it even more to arm and supply its own satellites.

In December, 1963, I received a report from Cuba which reads, as follows—and I think this may be of interest to the entire Senate:

Elias Rivero Bello, a communications chief for Cuba's state-controlled merchant traffic, Lineas Mambises, states that Red Chinese commercial trade with Cuba is on the rise with Russian shipping diverted to military cargoes. Although Red China has only two ships in direct trade with Cuba, its products are reaching Havana in ships of British registry manned by crews from Hong Kong. The two Red Chinese ships are *Shien Foon* and *Ho Fun*. The British-chartered ships most often plying the China-Cuba route are identified by Rivero Bello as the *Macao*, *East Breeze*, *West Breeze*, and the *Suva Breeze*. Rivero Bello was in charge of the teleprinters which handled clearance messages for all ship traffic to and from Cuba. He fled Cuba the end of November of this year (1963).

It seems obvious to me, from reading these reports, and from the overall results we have had up to date in connection with trade with Cuba immediately after our wheat sales to Russia, that we have created a far more dangerous condition than previously existed by virtue of the fallacy in our foreign policy with respect to trade with Communist Cuba.

In that same article is a brief statement which reads:

There is the suspicion that the Russians are again introducing strategic weapons into Cuba.

Again I point out that he was the one who was in charge of taking all messages for shipping in and out of Cuba—

The "spectral cargoes," states Rivero Bello, "are unloaded in the greatest secrecy, and not even the Cuban Communists are permitted near them. All are unloaded, transported, and stored by Soviet personnel."

This is one more indicator, it seems to me, of the point I just made, with re-

spect to the fact that there are reliable reports that there are 1,200-mile missiles now in Cuba which could decimate the entire eastern coast of this country.

Going further, in the April 13, 1964, issue of U.S. News & World Report there appears the viewpoint of Prof. G. Warren Nutter, who is the James Wilson professor of economics at the University of Virginia, and a recognized authority in connection with the Soviet economy. He was discussing, publicly and in the magazine, the Soviet economy and the advisability of our trading with her, much less guaranteeing credit for such sales. There are a couple of items in the article which I wish to emphasize.

The question asked was: Should we help the Soviets try to adjust?

His answer to the question was:

It is a difficult problem. It's not easy to know exactly what we ought to do. I think it's a little easier to know what we ought not to do.

I don't think we should help them out of their current economic difficulties without, at the same time, getting some change in either the political climate or their internal system. That much, I think, we ought to do. We have to take advantage of these periods of weakness if we're going to get any changes started.

Question. Under those terms, was the wheat deal a mistake?

Answer. The way in which it was done was a mistake. We should have bargained.

I think that their internal problems are really quite serious, very serious. Their problems in relations with the East European satellites are serious and becoming more and more aggravated all the time. In addition, they've got the problem of China and the whole splitting of the Communist bloc.

Once again he says, in answer to the same question:

Are you saying that as long as we bail them out nothing will happen?

The questioner is talking about bailing out the problems of the Soviet economy.

Answer. That's right. If we bail them out, they will use the time at their disposal to retrench, to build up their power and to somehow manage the difficulties that they're involved in. They'll find some way.

Question. If the Russians can drum up support from capitalism to make socialism work, do you think they're going to change socialism?

Answer. They won't. That's quite unlikely. That would be their own business and nobody else's if it weren't for the aggressiveness, belligerence, and expansionism that go along with Russian communism.

The next few points are very important in the general context:

I'm afraid that our foreign policy is sheer romanticism, without any real logic involved in it. Our Government shies away from anything which carries any immediate risk at all, no matter how small, and then rationalizes whatever course is left, even though the ultimate risk is much greater. In cold reality, this leads to nothing more than a policy of appeasement, and I mean this in the literal sense associated with Neville Chamberlain. We know from dreadful experience what appeasement leads to.

The course being followed now is to be nice and to be friendly, because it seems least risky at the immediate moment. This is rationalized on the ground that fat Communists are less dangerous than skinny ones.

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This may be true, if one is looking at a very long sweep of history. Over a thousand years or so, perhaps people will become more liberal solely because they become more affluent.

But if one's talking about what happens in the immediate context of a system such as Russia's, then exactly the reverse occurs: As soon as they become fat—or, rather, fatter—they get more belligerent and aggressive.

What is the history of events in Russia? As soon as Khrushchev thought he was fat enough, he sent up a sputnik. He went all out on rocketry and introduced a massive armament program. That was his response—not relaxation.

When did the relaxation come? It came when they got thinner. My feeling is that, at the moment, our best allies are the thin fellows, not the fat ones. Those are the ones we have the most to gain from.

Question. Who are they?

Answer. They're all the people in these Iron Curtain countries who have gotten thinner in the last few years.

Who are they mad at? They're not mad at us. Who are they dissatisfied with? They're not dissatisfied with us. They're dissatisfied with their system, and they're mad at their governments.

It seems to me this is the kind of situation we want to try to utilize the best we can. I think we ought to put it up to them to work out their own way to get fatter while leaving the outside world alone.

There's a perfectly good solution to their problems, a perfectly simple solution—and that's to change the system.

It seems to me, as I have said, that this is a clear recognition of the problems that our policy is leading us into, not only the longrun troubles we are going to have with a Communist economy, but perhaps even some shorter term ones.

There have been reliable indications that a process has been developed by a Russian—I do not know how to pronounce the name of it, but it is spelled L-e-b-e-d-j-i-w—under which the Soviet Union can produce a ton of industrial ethyl alcohol from 8 tons of wheat. Under a 7-year plan, the Soviets plan to produce 800,000 tons of this alcohol from foodstuffs. This would require 6.4 million tons of cereal grains, which is more than accounted for in their deal with Canada alone, not counting the amount of wheat they entered into a contract to purchase from this country.

It certainly does not make any sense to me when this kind of a process is presently in existence in Russia for the United States to sell surplus wheat on credit—which is not going to help our international balance of payments—which will permit them to make ethyl alcohol, which in turn can be used for the production of armaments and explosives of all kinds. This is one of the immediate dangers, it seems to me, that can come from the program.

What are the things that have been happening in this trade field and the problems that have arisen from it? Let me talk about one that has recently come to light. The April 27, 1964, issue of the Washington Evening Star contained an article by Marguerite Higgins which reported an oil strike in Manchuria of a substantial nature.

This is a Red Chinese oil strike. Until this time, the Chinese had been almost completely and wholly dependent upon Russia for oil, for transportation, for

heating, and for any other uses that they could find for it. I think this is important. The article reads as follows:

The U.S. intelligence community is convinced it has discovered an important reason why Peiping has picked the last year and a half to let loose with increasing ferocity against the Russians: A Red Chinese oil strike in Manchuria.

According to reports reaching here, the strike is of such size that it could make China self-sufficient in petroleum products.

Oil has constituted the chain of black gold that for more than a decade made Peiping slavishly dependent on its relations with Moscow. Until recently, Moscow has furnished virtually all of China's oil. The peak was reached in 1961 when Peiping bought \$2.8 billion worth of oil and aviation fuel from Russia.

It continues, and because I think it is important, I ask unanimous consent that the entire article by Marguerite Higgins be printed at this point in the Record.

The PRESIDING OFFICER (Mr. Brewster in the chair.) Is there objection?

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

[From the Washington Evening Star, Apr. 27, 1964]

INTERPRETIVE REPORT: PEIPING COCKY AT OIL STRIKE

(By Marguerite Higgins)

The U.S. intelligence community is convinced it has discovered an important reason why Peiping has picked the last year and a half to let loose with increasing ferocity against the Russians: A Red Chinese oil strike in Manchuria.

According to reports reaching here, the strike is of such size that it could make China self-sufficient in petroleum products.

Oil has constituted the chain of black gold that for more than a decade made Peiping slavishly dependent on its relations with Moscow. Until recently, Moscow has furnished virtually all of China's oil. The peak was reached in 1961 when Peiping bought \$2.8 billion worth of oil and aviation fuel from Russia.

It is of significance that in the days when the Sino-Soviet split was still a matter of conjecture, the experts who argued against the likelihood of a complete rupture invariably cited Peiping's dependence on Moscow for oil as a reason why Mao Tse-tung would hesitate to make a total break.

Quite apart from giving Peiping greater potential independence and therefore greater license to thumb its nose at Moscow, the oil strike will have an enormous impact on Red China's economic destiny.

The exact date of the Manchurian discovery is not known. But the first reports of it began to filter to the West about 18 months ago.

The most solid information has come in the last few weeks from Japanese engineers and businessmen engaged by the Chinese to help in the drilling and in building oil refineries. It is the Japanese who are the source of the estimate that the oil resources discovered in Manchuria may be large enough to make China self-sufficient.

There is an irony in this because the Japanese, in all the years that they occupied Manchuria, never were able to discover oil, even though they did extensive exploring.

The Manchurian find helps explain the increase in petroleum exports from France, Britain and West Germany who have been traveling to Red China via Hong Kong in recent months.

There is a good case to be made that Red Chinese stridency against Moscow has in-

creased in almost direct proportion to Peiping's confidence in the fact that its dependence on Moscow for oil would end. Oil refineries are not of course built in a day.

But it apparently has been pretty heady for the Chinese leaders to possess the knowledge that it is only a matter of time until the Chinese Army will no longer be vulnerable to the threat of being immobilized by a Kremlin decision to cut off oil exports.

It is not just the Western intelligence community that sees a close connection between the oil discovery and Peiping challenging stand against Moscow.

A spot check of Eastern European embassies showed that Communist diplomats were aware of the developments in Manchuria and its impact on the Sino-Soviet split.

Said one Eastern European: "In private talks in Peiping with our officials, the Chinese make no attempt to hide their exhilaration over their economic liberation from Moscow that will come as the result of the development of their own oil."

"All of us have noted that the Red Chinese waited until they were quite sure of their oil potential before they took the risk of a complete break with the Russians by attacking them so violently. They have become increasingly cocky about their future."

"The Chinese seems to feel that no matter how many mistakes they make, destiny is on their side, and therefore the east wind will prevail over the west."

Mr. DOMINICK. Mr. President, it seems to me that there are two important points in this connection. The first is that if China actually has found the oil to the extent mentioned—and all the information leads us to believe that it has—it is then free, as far as oil is concerned, to continue its more aggressive campaigns throughout Asia in order to put the other Asian countries under communism. The second point, and it is equally important, is that if China is freed from purchasing oil from Russia, so, too, is Russia free from the obligation of sending oil to one of its chief Communist allies, thereby giving it far more ability to use its oil supplies to increase its own industrial capacity within its own country.

This leaves, then, only two major points. The first is that this is one of the remaining weaknesses in the Russian economy. The second is that the oil strike in China can be used by virtue of having the proper type of industrial equipment for refining.

The other day I was consulted by a very prominent person in one of the foreign embassies here in Washington. I was asked, with regard to the latter question I mentioned, to look at the Far East Trade and Development magazine for April 1964—at the same time the article on the oil strike was published. It reads as follows:

INDUSTRIAL EQUIPMENT FOR CHINA

Snam-Progetti, of Milan, a member of the ENI group, has won a Chinese contract for a complete petroleum refinery, worth £3m. Work is to be completed by 1966. This is one of several large orders placed with Italian firms recently. Last December the Chinese signed three contracts for chemical equipment worth about £10m., and Montecatini is shipping £7m. worth of machinery for two fertilizer factories with a combined output of 300,000 tons. The plants will probably be built near Luchow in Szechuan Province, where natural gas is plentiful.

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Once again we are faced with a situation in which a free world, which is doing its best to take the leadership in a fight to give self-determination rights to all countries, by virtue of trade with the Communist countries is increasing their economy and bolstering the economies wherever they are the weakest. The U.S. public is being told that this is necessary because of a deficit in international payments, when we are doing it on credit. It does not make sense.

Just yesterday, I understand, the Foreign Relations Committee was informed about the agreement with Rumania, the agreement apparently having been signed, as far as trade is concerned, without benefit of consultation with the House of Representatives or the Senate, and without the advance knowledge of the House of Representatives or the Senate, or the advance opportunity of the House of Representatives or the Senate to do anything about it.

In this morning's Wall Street Journal, there is a very small comment on this subject which reads as follows:

Exports to Rumania of most goods will be allowed without individual licenses.

The United States clung to its refusal to sell strategic materials to any Communist bloc nation, but extended to Rumania trade terms that are among the most liberal of those offered any Soviet satellite. The two countries also agreed to raise the level of diplomatic representation from legations to embassies and exchange of ambassadors "at an early date."

It's understood the Johnson administration is prepared to make available to Rumania the facilities of the Government's Export-Import Bank to furnish credit guarantees of up to 5 years on some of the increased U.S. sales expected to result from the agreement.

So here we are, full circle, back again into the November situation. We say to our allies, "Please do not trade with Cuba." We say this because if we can give them an economic quarantine, we can so reduce their economic strength that the Cubans themselves will have an opportunity to upset their government. On the other hand, we proceed to do exactly the same thing, giving trade and credit to the head of the overall conspiracy, Russia, and then giving it to one of its most prominent satellites, Rumania, which is still governed by Mr. Kadar, Mr. Kadar having been one of the greatest Communist butchers that the Soviet satellites ever had.

There is an article dated today in the Wall Street Journal entitled: "United States, Rumania Sign Trade, Political Pact; Move May Loosen Satellite's Soviet Ties." It reads in part as follows:

U.S. officials declined to elaborate, but the Rumanians have been known to be in the market for whole petrochemical plants, as well as oil refinery machinery. Talks between a Rumanian trade delegation and U.S. industrialists have been going on during the government-to-government conferences, and some transactions already are said to have been closed.

Nothing official was said about U.S. Government credits to help finance such trade, but it is understood the Johnson administration is prepared to make available the facilities of the Government's Export-Import Bank to furnish credit guarantees of up to 5 years. President Johnson is required by law to make

a determination that export-import credits to a Communist country are in the national interest; he hasn't yet done so, but the prospect is that he will act shortly.

I want to make it crystal clear for the RECORD that any guarantee by the Export-Import Bank is out of the taxpayers' funds for guaranteeing the credit of Communist countries. And if we are to have a certain policy with respect to one country, saying that we are going to cut off the economy of that country in order to overturn a Communist government, what is the purpose of not only trading with the head country and its other satellites in Western Europe, but also using our own taxpayers' credit in order to make sure that its sales go through, so that we can be absolutely positive that they are getting credit on the easiest possible terms?

It is a strange and peculiar type of foreign policy for this country to be pursuing. Moreover, all satellite countries will do exactly what Professor Nutter warned they would do, in his article in the U.S. News & World Report; namely, they will interpret this policy as nothing more than a sign of weakness in the free world and, over a period of time, nothing but appeasement of the Communist conspiracy, which is worldwide.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. ALLOTT. First of all, my distinguished colleague from Colorado has made a very important contribution to the subject, which we have been discussing for some 6 or 7 months, and which was lost sight of when it was originally discussed before the Senate.

Senators will recall that when the Russian wheat transaction was first proposed to the people of America, it was supposed to be a one-shot cash transaction. I am sure the Senator remembers that.

Mr. DOMINICK. I certainly do.

Mr. ALLOTT. Many of us, upon first blush, thought that upon those terms it might be a favorable deal. Then we found that we would start financing the deal on a long term—or what I would call long term, but which others thought was an ordinary term—of up to 4 or 5 years by way of credits.

The point the Senator has made, which is very important, is that we do not change the balance of trade when we finance such deals by providing credit. The balance of trade is changed only when the credit is finally paid off.

I should like to ask the Senator a question with reference particularly to his remarks about Rumania.

We are about to engage on such a deal with Rumania. According to the morning newspapers, we will make the deal on the "most favorable terms" to Rumania and any other country. This means, first of all, that we will not effect any change in the trade plan of our country. Does it not?

Mr. DOMINICK. That is correct.

Mr. ALLOTT. Second, does it not mean that when we offer them the "most favorable terms," we will ultimately build up dollar credits in Rumania; then, going by the very naive attitude of the State

Department and in accordance with what Dr. Nutter calls the romantic concept of the State Department, we will be called upon, when it comes time for Rumania to repay those dollars, to grant them even more favorable trade terms? That means that we will place the workers and manufacturers—the producers—in this country in an even worse position with relation to the people of Rumania.

Mr. DOMINICK. Mr. President, I ask unanimous consent that the article to which I have referred, published in the Wall Street Journal, be printed in the RECORD at this point.

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

[From the Wall Street Journal, June 2, 1964]

UNITED STATES, RUMANIA SIGN TRADE, POLITICAL PACT—MOVE MAY LOOSEN SATELLITES' SOVIET TIES

WASHINGTON.—The United States signed new economic and political agreements with Communist Rumania that are expected to spur increased U.S. sales to that Soviet-bloc nation and perhaps encourage a general loosening of ties between Russia and her Eastern European satellites.

The two countries also agreed to raise the level of diplomatic representation from legations to embassies and exchange ambassadors "at an early date." And agreement was reached on an expansion of cultural, educational, and scientific links. But the big developments had to do with trade, said U.S. officials in announcing a pact reached after more than a week of high-level discussions here.

These are the key elements in the agreement:

The United States, while clinging to its refusal to sell strategic materials to any Soviet-bloc nation, has agreed to relax export licensing requirements so as to eliminate the need for individual licenses on "most commodities" shipped to Rumania.

Until this relaxation, generally each shipment to a Communist bloc country has to be licensed. With most other countries there exists the general authority to export broad categories of goods rather than seek licensing of each individual shipment.

The United States agreed specifically to grant licenses for what the joint communique called a number of particular industrial facilities in which the Rumanian delegation expressed special interest. U.S. officials declined to elaborate, but the Rumanians have been known to be in the market for whole petrochemical plants, as well as oil refinery machinery. Talks between a Rumanian trade delegation and U.S. industrialists have been going on during the government-to-government conferences, and some transactions already are said to have been closed.

Nothing official was said about U.S. Government credits to help finance such trade, but it is understood the Johnson administration is prepared to make available the facilities of the Government's Export-Import Bank to furnish credit guarantees of up to 5 years. President Johnson is required by law to make a determination that Export-Import credits to a Communist country are in the national interest; he hasn't yet done so, but the prospect is that he will act shortly.

Without such credits, officials said, the prospects for any sizable boost in U.S. sales to Rumania are slim. Because the whole purpose of the agreement announced yesterday is to spur such sales, there would have been little point to all the fanfare surrounding the agreements if the United States weren't prepared to allow the bank to guarantee normal private credit.

U.S. sales to Rumania have been averaging less than \$2 million annually, and this coun-

try's purchases from the Eastern European nation have been even skimpier. Yesterday's agreement isn't expected to spur the U.S. imports, chiefly because the country has little that the United States wants to buy. Specifically, U.S. authorities firmly ruled out the possibility of Rumanian oil entering the U.S. market. Although Rumania is a major oil exporter to Western Europe, the thinking here is that it cannot ship oil economically to the United States.

But there are high hopes for a significant increase in U.S. sales to Rumania, whose foreign exchange earnings from oil make it perhaps the most promising customer in all the Eastern European Communist bloc. Asked what the United States hoped to gain from the agreement, a top official said: "Business." The United States, he argued, has been unnecessarily inhibited from selling to Rumania on terms comparable to those enjoyed by Western European competitors.

Politically, the United States has wider purposes. Rumania, experts have been noting, has been a prime example of greater independence among the satellites from Moscow's control. It has refused to allow its relatively rich economy to be tightly integrated within the Soviet bloc, defied Moscow's dictation on Communist Party doctrine, taken a neutral position in the Sino-Soviet dispute and turned increasingly toward Western Europe to trade.

The United States wants to encourage all these trends, and not just in Rumania. Yugoslavia and Poland have long been rated the most independent minded of the Eastern Europeans and the United States has tried with aid and trade to encourage this loosening in bloc relations. The hope now is that with Rumania looming as a more important trading partner with the United States, others, such as Hungary and Czechoslovakia, may be increasingly encouraged to turn westward.

U.S. diplomats, in fact, would like to add another enticement to Rumania by conferring upon her the most favored nation arrangement under which this country treats all its trading partners alike; trade concessions offered to any particular country are automatically extended to all others. Only Poland and Yugoslavia among Communist countries have been extended this arrangement and the issue remains a touchy one with Congress. So the administration is unlikely to press the matter on Capitol Hill this year, officials said yesterday, though it was discussed in the talks with the Rumanians.

But yesterday's agreement almost certainly will bring an effort in Congress next year to confer most favored nation status upon Rumania.

By way of promoting greater United States-Rumanian trade, the United States plans to open a trade promotion office in Bucharest, and the Rumanians have indicated an intent to expand their New York City trade office. Both countries will exchange tourist promotion offices, too.

Officials said the U.S. arrangements with Rumania are the most liberal for any Eastern European nation, except for Yugoslavia, which is treated practically on a par with Western trading partners. Poland has a licensing arrangement which does away with some individual licenses on U.S. exports but experts said it isn't as far reaching as the agreement with Rumania.

Mr. DOMINICK. In part, the article reads as follows:

"U.S. diplomats, in fact, would like to add another enticement to Rumania by conferring on her the "most favored nation" arrangement under which this country treats all its trading partners alike.

That is exactly what the Senator was saying.

By doing this, we are granting a Communist-governed nation—and it is only about 3 percent Communist, with the rest of the people being "thin" Communists, the ones who would like to get out from under—the designation of a most favored nation.

The only thing I can see in all this is the idiocy of this kind of arrangement.

Mr. ALLOTT. If my colleague from Colorado will yield to me for one closing comment I should like to say that I am struck with the idiocy of the effect that popular slogans have on our State Department and on others. I cannot help recall two facts. First of all, it was after we started to make our wheat deal with Russia that Great Britain, Italy, France, and even Spain started to expand their trade with Cuba.

Second, this shows the extent to which slogans like "It is easier to deal with a fat Communist than a lean one" have influenced the thinking of our State Department.

It is about time for us to get down to a realistic way of thinking, and stop accepting the concept that we can capture and retain the leadership of the world with slogans which come out of Madison Avenue. That is what we have had for the past 4 years.

Mr. DOMINICK. Mr. President, I sincerely appreciate my colleague's addition to this colloquy. I know how strongly he has felt about this subject for a long time.

I also wish to express my appreciation to him for the leadership which he took in trying to interest Senators to talk about Cuba as long ago as last summer, when a group of us came to the floor with one idea after another on what we could do about Cuba. Certainly, trading with Russia was not one of the ways by which we thought we could liberate Cuba. Exactly the opposite was true. I express my appreciation to the Senator.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. DOMINICK. I yield.

Mr. MUNDT. First of all, I wish to convey to the Senator from Colorado, who has given us this very significant address, my congratulations for the very careful research and the great amount of study and background material he has brought before us and before the American public by his address this afternoon. I believe he has put his finger on what was before Congress last fall, and will be again sometime next month, as one of the real, basic decisions to be made by America in connection with the cold war policy.

It seems to me that history pretty well records now that America reached a crossroads in its policy during the debates alluded to by the Senator. That was last October, November, and December. They started in the last few days of October, as I remember. At that time, America sharply changed a foreign policy which had served it pretty well for nearly 17 years. At that point American prestige and world leadership began to slide. It has steadily fallen ever since.

Once we ceased to be constructive, once we ceased to be consistent, and once we

began to ask others to do what we refused to do ourselves, we appeared to the world as hypocritical, mercenary, and inconsistent.

Second, lacking direction and leadership from the United States, the free alliance has been steadily falling apart. We see examples of it in NATO, as well as in Franco-American relations. We see indications of it in the failure of our allies to follow any suggestions we make in connection with Cuba. I believe that Professor Nutter very prophetically and properly related foreign trade, which the Senator from Colorado has been discussing so effectively this afternoon, with the problem of foreign aid, which will be before us shortly after we dispose of the civil rights bill.

It is now before the House of Representatives. More and more Americans are indicating by what they write and what they say, including editors and commentators by their expressions, that we are indeed engaged in a completely self-defeating program when, on the one hand, as Professor Nutter pointed out and as the Senator from Colorado [Mr. DOMINICK] has emphasized, we propose to trade increasingly with Communist countries and, on the other hand, propose to continue a multibillion-dollar aid program to non-Communist countries, justified exclusively on the concept that by so doing we help to protect them against aggression and potential aggression by communism.

Can the Senator from Colorado find any logic or any possibility of success in such an inconsistent, self-defeating trade-aid program as the one which this administration has placed before the country?

Mr. DOMINICK. I cannot think of any possibility of reconciling the two programs at all, provided that our foreign policy is to try to win. I am not a bit sure that our foreign policy at this point is designed for that purpose. If it is not designed for that purpose, if it is designed merely to frame a platform upon which we can hopefully exist for a little while longer, perhaps the administration is trying to keep everything quiet at the same time. But if we are trying to do something to support our former program of saying that people should have the right to determine their own form of government, then aiding both sides, including neutralists and the underdeveloped, with our foreign aid, to prevent the Communists from taking over, and then aiding Communists to strengthen their economy, it is the most hopeless futility I can think of.

Mr. MUNDT. There is no possibility of success in that kind of program, by seeking, on the one hand, to ball out the Communists from the economic problems which their nefarious system has imposed upon them, while using the money of American taxpayers, through the Export-Import Bank, to bail out Communists, and then coming back to the taxpayers and saying, "We want another \$3 billion installment in 1964 in order to build up the non-Communist world because it is threatened with new aggressions from the Communists, whom we have recently built up with American



dollars and American trade." That is, indeed, international idiocy. It does not make any sense to me.

While the Senator from South Dakota does not quite go along with the Senator from Oregon [Mr. Morse] in his discussion of McNamara's war and in his analysis of the situation in Vietnam, I believe this administration could serve America better today if, instead of having our high-powered administrative brains meeting in Honolulu, scheming up more military adventures and more potential losses of lives in Vietnam, they were brought back to Washington and associated with all the other available brains in the administration to hold a free world trade-aid conference, in which we would try to manifest the same leadership, once again, in having the free world devise some kind of trade-aid approach to the Communist world. We will not be able to defeat communism in Asia, with or without American troops, while at the same time we are in the process of strengthening communism all over the world with American supplies and products and guarantees by American taxpayers of Soviet credit.

So I deplore the fact that we have this myopic approach of relying on American muscle, money, and military power without sitting down and asking ourselves, "How can such an inconsistent, self-defeating policy ever do anything more than serve the cause of communism?"

Mr. DOMINICK. I have before me one more example, which the Senator from Kansas [Mr. Pearson] was kind enough to hand to me. It just appeared on the news ticker and is an example of the idiocy about which I was speaking. It is an Associated Press dispatch from London and reads as follows:

London.—British authorities were irked today by a U.S. decision to consider selling a nuclear powerplant to Communist Rumania.

One informant asked how the United States could sell a reactor to the Rumanians and then complain about the sale of British buses to Cuba.

The reactors produce plutonium, which gives nuclear bombs their blast. As war-potential equipment they are banned by allied powers for export to Iron Curtain countries.

In announcing that "special consideration" would be given to the Rumanian request, the Johnson administration stressed that any deal would need a waiver from the allied committee in Paris controlling trade with the Communists.

It is interesting to observe that the administration did not even mention the fact that it might come to Congress to learn how Congress feels. I continue to read from the dispatch:

It was stressed also that a condition of sale—which the Rumanians have accepted—would make it imperative for the nuclear powerplant to be made subject to international supervision. The International Atomic Energy Agency, based in Vienna, Austria, applies safeguards to insure that civilian reactors are not transformed to serve military purposes.

Officials in some key British ministries appeared to think that the Americans were approaching East-West trading rules from a standpoint of expediency.

The board of trade said a Rumanian delegation discussed the possible purchase of a nuclear powerplant from Britain during a visit to London which began last February.

The spokesman said the question of a sale did not arise. "We regarded nuclear powerplant as strategic material and therefore embargoed for export to Communist countries," he said.

"We now consider the talks as dormant. They could be revived if the Rumanians come back to us."

It was evident that there was a sense of disappointment if not of grievance among some officials here because the Americans look to be in a better position than the British to pull off a deal.

Mr. MUNDT. Mr. President, will the Senator from Colorado further yield?

Mr. DOMINICK. I yield.

Mr. MUNDT. This illustrates exactly what we were saying last November, when we were opposing the administration's position to give the Export-Import Bank power to grant credit to Communist countries so that they might purchase supplies in America. The particular product then being discussed was wheat, although other products were crowding all around it and were coming into the picture very fast. The Senator from South Dakota then said that we talk about strategic supplies, and then asked, "What in wartime is more strategic than food? What provides better food than wheat? If wheat is declassified and is called nonsecurity material, then we shall have nothing left with which we can restrict trade on the basis of its being something of a strategic nature."

Now we see the same tortuous reasoning, by which it was said that while wheat is the world's best food, and food is necessary in order to wage war, and is therefore a basic strategic materiel, nuclear reaction, plutonium, and atomic energy are not strategic. That is a strange departure from the high-sounding phrases to which we listened, from the advocates of the test ban treaty, who at that time were considering the production of atomic energy and plutonium and the possibility of building up a war structure based on atomic energy so serious that they believed a test ban treaty was essential. Ultimately, the Senator from South Dakota, agreeing with that viewpoint, voted for its support.

I ask the Senator from Colorado a question I was asked on the campus of State College, South Dakota's great agricultural college at Brookings, 2 weeks ago today, while delivering a lecture there. The question was, "What is America's foreign policy now?"

I replied, "That is a difficult question to answer. It was possible during the Truman administration, during the Eisenhower administration, and during the first year of the Kennedy administration to define it basically as a policy which relied upon two great thrusts, one being a really determined, sincere, and consistent effort to restrict trade with Communist countries, in order to keep the Communists from becoming too powerful and too aggressive; and the other, a foreign-aid and military-aid program to the non-Communist coun-

tries, to shore up their defenses and their economies and to give them greater resistance in case of Communist attack." Those things were fairly clear, and we had followed them for 16 years. They had worked fairly well; and during those 16 years, we had not lost any decisive economic battles with the Communists.

I said to them, "Do you want to know what our foreign policy is now? If you do, I will state it for you."

I should like to have the Senator from Colorado state now whether he would make any addition to or change in the statement I made to them, because now we are facing the most recent and current problems, in terms of our investments in our foreign policy.

I think our foreign policy has so badly and so seriously deteriorated that today we are engaged in a race with the other three countries in the world which have exporting capacity, in an attempt to see which of us can sell to the Communists the greatest amounts of supplies which they most badly need, and to deliver them to the Communists' doors at the cheapest possible oceanic freight rates, and to sell the materials to them at the lowest possible prices, so that we will get that business, instead of having the other nations get it, and also to extend to the Communists the easiest and longest possible credit terms. I think that is our foreign policy. If that is our foreign policy, certainly it is doomed to failure, because only Communist countries can profit by means of such a policy.

Mr. DOMINICK. I completely agree; and I could not state the matter more effectively, even if I tried 15 times to do so.

About 1 year ago, members of our State Department went to Western Europe, and tried to persuade the Western European countries not to grant long-term credit to the Russians, so as not to enable the Russians to obtain the needed materials with which to construct an oil pipeline through Western Europe; and we fought and fought against having those countries give Russia long-term credit in that connection, inasmuch as the extension of such long-term credit was the only basis on which Russia would deal for such pipe.

But here we go, reversing our policy and giving 5-year credit to Rumania—and 5-year credit is long-term credit in anyone's language—and doing the same thing for Hungary, but saying to all these countries, "You must stay out of Cuba."

It seems to me that we are seeing the very beginning of a Johnson policy to open the floodgates of trade with Communist countries, regardless of what the materials are, and regardless of whether there is to be long-term credit or short-term credit.

Mr. MUNDT. Let me add one word about the future possibilities in this connection. After all, the U.S. Senate still can, if it will, exercise a restraining hand, when it is confronted with such contradictory and self-defeating policies as those which now confront us. I believe that involved in the new consular agreements with Rumania there are changes

which are so substantial that in all likelihood they will have to come before the U.S. Senate, for ratification as a treaty. So here is our chance to explore what is involved in this business.

Furthermore, I know that soon the Senate will be working its will on the legislative authorization bill for foreign aid. That bill has already been passed by the House of Representatives. So here, too, we have a chance, by means of amendments—under the happy way the Senate operates, by means of which no amendment need necessarily be germane—to do something constructive about this situation and to place a restraining hand on these "happiness boys" who think communism has now changed its purpose and its objective, and who believe we should now feed communism and should encourage it and should pat it on the back, instead of doing as we did for 16 years—curtail and check it.

Furthermore, Mr. President, before Congress adjourns, the Senate will have an opportunity to vote on appropriation bills dealing with foreign aid; and then Senators can raise the question of how inconsistent our foreign policy has become. If we really believe the cold war is over, and that now is the time to kiss and make up with the Communists and to give them the benefit of an aid program based on credit to them, then surely we cannot believe there is any reason for extending a single dollar of credit aid to the non-Communist world on the basis of the argument that that is the only way to keep them from going Communist. So we are the custodians of the public purse will face some rollcall votes on these issues in the next few weeks. To those who read the RECORD and to those who have concern, let me say I hope they will make their wishes and attitudes and desires crystal clear to all Members of the Senate before Senators face up to those very significant rollcall votes, as the amendments come before us.

Again, I salute the Senator from Colorado (Mr. DOMINICK) on his masterly presentation of a matter which is by far more significant and important than the question of what is happening in Laos or in Vietnam, because in this case we are dealing with the system which is being operated from Moscow and Peiping, with its tentacles spread all over the world; and if we are to deal with it effectively, we must deal with it at the center, rather than at the periphery. Otherwise, what we do will be love's labors lost.

Mr. DOMINICK. Mr. President, I thank the Senator from South Dakota, who from the very beginning, even as early as last fall, has tried to have us deal effectively with this problem.

Mr. ALLOTT. Mr. President, will my colleague yield briefly to me?

Mr. DOMINICK. I yield.

Mr. ALLOTT. My colleague has spoken of the proposed nuclear plant for Rumania which is being discussed.

There are perhaps three main sources of power, as my distinguished colleague knows; they are coal, other carboniferous materials, and oil. So can anyone suggest why we should be dealing with Rumania, which has one of the richest

and largest and most extensive oil fields in the world, for the supplying of nuclear power? Some States in our own country have no method of providing fuel except by means of nuclear power; and that is understandable. But I am sure no reasonable man could understand why the Romanians would want a nuclear plant, in view of their valuable oil resources, unless they could sell the oil somewhere else at a greater profit, and unless they are in hopes of duping the United States to build a nuclear plant for them, or unless the Romanians hope to acquire from the nuclear plant strategic information or materials which would be of benefit to them—which again brings us through the cycle.

Today, Great Britain is greatly upset over this matter.

Just last week, I placed in the CONGRESSIONAL RECORD an article, from the London Daily Express, which shows how upset the British people were because we had developed the A-11, without giving them any of the information, whereas, on the other hand, we had taken from them all of the key details on the ultra-secret information they had developed from their new supersonic bomber and its electronic equipment.

Since 1960, we have managed to topple one government in Canada because we were trying to force nuclear warheads on the Canadians; and we have had our own difficulties with France, because we refused the same thing to De Gaulle.

How inconsistent we can be in connection with our foreign policy, I do not know. The word "naive" has been used, and the word "romanticism" has been used; but I say this is a childlike approach to the problems of the world and to foreign relations, because it does not deal with reality. Instead, it deals with matters entirely outside of reality.

Again I say to my distinguished colleague that I am very proud of the speech he has made this afternoon to the Senate.

It has been a real contribution, because unless we somehow are able to reverse the almost inevitable run to the sea that the State Department has followed for the past few years, we stand in grave danger in this world. The Senator has contributed greatly.

Mr. DOMINICK. I was about to say to my distinguished colleague that every now and then I hear representatives of the State Department say that our foreign policy must remain fluid. If it becomes any more fluid than it is now, we shall all be washed out to sea in the water they have created, without any real substance to anything they have been doing.

Again I appreciate my colleague's participation in this particular colloquy.

#### CIVIL RIGHTS ACT OF 1963

The Senate resumed the consideration of the bill (H.R. 7152) to enforce the constitutional right to vote, to confer jurisdiction upon the district courts of the United States to provide injunctive relief against discrimination in public accommodations, to authorize the Attorney General to institute suits to protect

constitutional rights in public facilities and public education, to extend the Commission on Civil Rights, to prevent discrimination in federally assisted programs, to establish a Commission on Equal Employment Opportunity, and for other purposes.

THE CIVIL RIGHTS ISSUE MUST BE RESOLVED AT THE COMMUNITY LEVEL

Mr. CASE. Mr. President, final resolution of the civil rights issue will come in the community. I wish to call attention to one example of such community action in my own State of New Jersey.

In Newark, a group of young people associated with the Congregation B'Nai Jeshurun have begun this year a remedial tutorial program aimed at helping about 20 Negro boys and girls in elementary and high school subjects. The members of the temple youth group are themselves high school students. They give of their free time on Saturdays in order to share the classrooms of their temple with Negro children from the neighborhood. The project has met with a deservedly wide response, both in and out of the State; and other such programs are now underway. For example, in New Jersey alone, congregations in Trenton, Teaneck, Bayonne, River Edge, East Orange, and Elberon have begun or plan similar tutorial programs.

I ask unanimous consent that two newspaper articles describing the Newark program be printed in the RECORD.

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

[From the New York Times, Apr. 26, 1964]  
JERSEY NEGROES TUTORED BY JEWS—YOUTHS SEEK A MEANINGFUL APPLICATION OF JUDAISM

NEWARK, April 25.—A group of Jewish youths here have been tutoring some 20 Negro boys and girls in elementary and high school subjects as part of a program for the "meaningful application of the teachings of Judaism."

The Jewish youths are members of the Congregation B'Nai Jeshurun. In explaining the project, Rabbi Barry H. Greene, associate spiritual leader of the congregation, quoted Maimonides, the 12th century Jewish philosopher and doctor, who wrote:

"The advancement of learning is the highest commandment."

"We are dedicated to the preservation and the meaningful application of the teachings of Judaism," Rabbi Greene said. "We are translating our convictions into deeds."

Every Saturday morning from 9:45 to 12, about 20 Negro boys and girls from the 4th to the 12th grades share the classrooms of the 116-year-old temple. On hand to greet them and work with them are members of the youth group, 15 to 18 years of age.

While other junior members of the congregation are attending religious classes and Saturday morning services, the Negro children are tutored in simple arithmetic, spelling, physics, Latin, English, geography, history, algebra, and reading.

The tutorial project was started 2 months ago at the suggestion of Stuart Rosengarten of South Orange, a junior at Columbia High School. A member of the Mitzvah Corps, a youth group sponsored by reform congregations, Stuart lived and worked last summer among the needy in Puerto Rico.

The program was publicized in the area's schools and the boys' club at Stella Windsor Wright Home, a city housing project. The response, Rabbi Greene revealed, was "spontaneous and heartwarming."