

AMERICA AND THE ECONOMIC WORLD

Address by Robert Morgan
United States Senator
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Since coming to the Senate I have tried to take very seriously the Senate's role in foreign policy. Our foreign policy is carried out by the President, with the advice and consent of the Senate. I knew my votes would influence our relationships with many nations with which we have a diplomatic tie, and especially, trade relationships. No Senator coming from North Carolina could be unaware of the importance of the latter. A great deal of our farm produce is sold in the world market. On the other hand, the development of textile manufacture in some nations has had a tremendous impact on the textile industry in my own state. To put it

briefly, North Carolina both benefits from foreign trade, and suffers from foreign competition. This is the central problem of our trade, in a nutshell. Whatever has been experienced anywhere in the United States with regard to this paradox, North Carolina has also experienced.

So I have travelled to parts of the world I knew my votes in the Senate would influence, knowing as well that my votes on international issues could well have a direct effect on my home state as well.

I have studied our military deployment worldwide.

I have seen what our allies and trading partners in the far East are worried about. Since Vietnam, our intentions in that part of the world have come very much into question.

I have seen the burgeoning industrial giant that is Japan, and the thriving ally we have in South Korea.

I know, at once, that these nations are a prime market for North Carolina products, and I know that textile mills and shoe factories in North Carolina are engaged with them in rather lopsided competition.

I have been to the Middle East, and I have seen that good relations with Egypt, to take that nation as an example, are essential to the peace and stability in that part of the world, and that our oil supply may in turn depend on that stability. Egypt is something of a market for our tobacco, mostly flue-cured tobacco grown in North Carolina. Yet I

must sympathize with textile men in our state who object to American AID loans being used to help develop the Egyptian textile industry, in competition with our own.

The point of all this is that the two-way street of world trade is a difficult one to negotiate. And it is particularly difficult right now, when the issues of human rights and increased tariffs are before us.

Our economic involvement with the world is part and parcel of our moral involvement. Any nation's foreign policy is a bundle of contradictions. This will always be true, because every nation is different, and the aims countries have will vary from one part of the world to the next. Ours, however, is especially contradictory, because we don't just

repressive governments which have been our traditional allies. The sad fact is that we can get at our friends faster than we can get at the Russians. Thus, we are talking about pulling out of South Korea, and the Phillipines, to mention just two -- which happen to be our trading partners, as well as two of the last countries in Asia which we have any of the markings of freedom.

It has been reliably estimated that since the American withdrawal from Southeast Asia, and the resulting Communist take-over, several hundred thousands of people, perhaps as many as a million and a half, have been executed, or, in the case of the sick and old, led out to die in forced marches.

want to trade with a nation, or enlist its support in stopping our sworn enemies -- we also want to reform them.

The human rights issue is a bedrock American concern.

While these catch-words may be something of a fad, our genuine concern for such rights is no a fad. It is our national preoccupation, and I am glad to say this is true. But the combination of trade war and human rights activism is a volatile one, and one which gives me the greatest concern.

As we have seen it in the Senate, the human rights movement takes aim at repressive governments wherever they exist. But a basic mistake is being made, in what we use as weapons in the fight. We fire Senate resolutions at the Russians, but threaten to cut off aid to the much more open, much less

I would like to know, as one Senator, how we expect to stand for human rights in this world if we keep on pulling in our military horns. In 1958, we intervened in Lebanon and stopped a civil war without firing a shot. But now we cannot, because the Soviet military presence in the Mediterranean is so great. Now Lebanon is in ashes. The Soviet Union understands that military muscle is the basis for exporting their way of life, and we will forget that at our peril.

This has a great deal to do with our trade relationships, as well. When we pulled out of Southeast Asia, there was an immediate economic realignment by bordering nations. They simply had to come to terms with the fact that

there was now a Communist government next door, and that they would have to be more accomodating.

I am afraid that if we pull out of South Korea, which is the key to our conventional-weapons defense of Japan, that we will see a similar realignment there. We have our difficulties with the Japanese and the Koreans, as trading partners, but I cannot help but think that we still need them as a market, as much as they need us.

The second threat to our export markets lies in getting into a trade war.

Mind you, I am not laying the blame at our own doorstep on this one, merely warning against the kind of reaction which

would make matters worse.

Let me state my understanding of the situation. England and European Common Market countries are now taking the kind of action against our tobacco that people here in the United States want us to take against Asian textiles and shoes. They are protecting imports from England's old Commonwealth affiliates, by increasing their quotas and tax preferences, and they are discriminating against United States imports with higher taxes.

Two of our other traditional tobacco markets, Thailand and Ecuador, are also trying to develop their own production of flue-cured and burley tobacco. They, also, are using the

devices of protectionism.

In 1966, the United States exported 423 million pounds of tobacco, for a 60 percent share of the world market.

Ten years later, our exports had dropped to 380 million pounds, and 38 percent share of the market.

There are two things I believe we should not undertake to do, in light of such developments.

First, I do not believe we should delete tobacco from our PL-480 foreign assistance program. This would lose us another \$25 million in exports. As you know, the House of Representatives deleted tobacco from the program when it passed the foreign assistance authorization two weeks ago.

This came as a surprise to the tobacco-state members of

the House, I understand. Congressman Johnson of Colorado offered the amendment unannounced, and denounced tobacco as a health menace. Our own L. H. Fountain stood to reply, and asked the House to consider our export position, but there was no time to mount a campaign. The amendment passed within fifteen minutes.

We have gone to work on the problem on the Senate side, and I feel confident we can keep tobacco in the bill as we pass it. The bill will have sequential review, and although tobacco could face some threat in the Foreign Relations Committee, I do not believe it will in Agriculture. My office has been in contact with Senator Talmadge's and we are certain of his support.

The second thing I believe we should not do with regard

to tobacco exports is to begin practicing protectionism in Asia. Such an action can only be the last resort. There is evidence the Japanese are dumping here, but I believe our response to that is to negotiate a settlement, not raise trade barriers. The classic pattern of tariff and counter-tariff cannot be invited. The Japanese point out that they buy from us as well. They are a considerable market for our tobacco, and for our soybeans and aerospace products. In 1976, Japan imported more than 60,000 metric tons of our tobacco, a value of \$223 million dollars.

We have to keep the two-way street open, and a tremendous amount of the responsibility for that must lie with the Administration. I do not want to be told that in order to protect the Tarheel textile industry, and to protect

our state's shoe manufacturers, we have to jeopardize the livelihood of North Carolina tobacco farmers and exporters. To get ourselves in that either-or situation would be very unfortunate.

There is a middle ground, and I believe we should seek it. There is no point in being the world's doormat. We have leverage to convince foreign nations to stop dumping, short of becoming protectionists. I think we will find our trading partners willing to moderate their penetration of American markets, in the interest of keeping that market alive. Diplomacy and negotiation have worked before and they will work again.

I am talking about one aspect of our foreign policy, the economic side. But the central argument applies across the board. As a nation, our wanting to change the world is admirable. But I do hope that we will choose the proper way to express that wish. Whether in trade, or military support, or foreign assistance, I think the better course is to work for friendship and accomodation with those nations which admire our way of life, and save our confrontations and disapproval for those who are implacably opposed to it.

While detente is worthwhile to some degree, it does us no good to establish trade relations with a totalitarian government like Cuba, or begin giving foreign aid to North Vietnam--at the same time we denounce South Korea as repressive,

and endanger our trade and military position throughout
Asia.

I feel certain that at some time in the future, America
could well be called upon to be the standard-bearer of
freedom. When we do, I believe we will find out which of
the nations of the earth will understand and appreciate what
we are about, and which will not.

We will find out, on some day of reckoning, which of
the nations protect human rights imperfectly, and which
abhor them for the convenience of the state. Our economic foreign
policy, like our foreign policy as a whole, should be carried
out as if that day of reckoning were tomorrow.