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Sale of Wheat to Russia

We would be far better off militarily, in my opinion, to have Russia more dependent upon us for at least a part of its food supply. Any nation that is dependent on another nation for a part of its food supply cannot be as cocky or quite as independent as it can be if it produces everything it needs.

Mr. PROXMIRE. I yield 5 minutes to the Senator from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. President, the President of the United States and the administration have on occasion, been accused of fiscal irresponsibility, and have also been accused of doing nothing to bring about a reduction of the tremendous storage of agricultural commodities. These general allegations have been directed against the administrations of both parties over the years.

I believe that some of the accusations which have been leveled against the President and the administration have been answered by the action undertaken yesterday by the President of the United States.

What is involved in the President's announcement is a major sale of wheat for hard cash on the barrelhead in a transaction through private business channels. Our gold stocks are going down; our wheat stocks are going up. They are going up at an immense cost to the taxpayers in government price supports and in storage facilities. We are lectured by other nations, especially in Western Europe, on the danger of selling wheat to the Russians while they sell them not only wheat which they have purchased from us, but flour and strategic commodities.

I think the President has made a courageous decision and a wise decision. It is a decision which I hope will be widely supported in the Congress, by the farmers, and by all Americans. It is a decision for commonsense because of some of the following reasons:

First. In the field of fiscal responsibility, it will bring into the United States in gold or dollars about \$250 million. It will thereby reduce the gold drain.

Second. It will reduce our surplus in wheat now being held by the Commodity Credit Corporation, and in so doing reduce costs to the Government and be a saving to the taxpayers. Incidentally, in the agriculture appropriation bill which passed the Senate over a week ago, approximately \$2.7 billion was voted for supports of various kinds.

Third. In my opinion, it will firm up the price of wheat which under present estimates will bring \$1.15 to \$1.25 a bushel next year, instead of this year's approximately \$2.

Fourth. This wheat will not be diverted to Cuba or Communist China under the terms of the export licenses to be issued.

Fifth. This wheat will not be used for manipulation in the world markets.

Sixth. The wheat sale will be known to the Soviet people through the Voice of America broadcasts. I note on this morning's news ticker that the Soviet Union itself has informed the Russian people of this proposal.

Mr. YOUNG of North Dakota. The question whether Russia can get enough wheat is a moot question now. Of the approximately 110 nations in the world—all but the United States—will sell wheat to Russia or any other food commodities to Russia and many are selling wheat to Russia.

About 10 years ago we had a similar policy. We refused to sell wheat to Russia. In order to overcome a situation like that, which is necessary for any military power, Russia broke up millions of acres of new virgin land. This enabled her to supply all her own needs and to become a wheat exporting nation until this year.

Now Russia has embarked on a program of fertilizing her land more, as we have been doing in this country for years, and by means of which we have been able to increase our production by one third or more. Germany and other European countries are selling Russia fertilizer plants, fertilizer which Russia uses on her land. In addition, they are working on a program of great expansion of irrigation projects to produce more food. Russia can easily provide all the food she needs. If she cannot, she can get it from the other countries of the world.

Seventh. It will bring added employment to American shipping, longshoremen and railroad workers, as well as grain traders, millers, and farmers.

Eighth. It will be conducted through the normal competitive channels of the private American grain trade.

Ninth. Up to now the Soviet Union and Eastern European nations have been obtaining American wheat indirectly by purchasing from West Germany, France, and others, flour made out of American wheat sold to those countries in ever-increasing quantities.

In other words, the Russians are going to get the wheat anyway, in one way or another. As the distinguished Senator from Louisiana, the chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER], has said, at the moment these Western countries are acting as brokers in the sale of American wheat and reaping profits, while we bear the cost.

This matter was discussed by the President with many Members of the Congress from both parties and was also discussed by the Secretaries of Agriculture and Commerce with the appropriate committees of both Houses.

To repeat, I think the President has made a courageous and a wise decision. It is, in my opinion, a decision for commonsense and for peace.

I ask unanimous consent that there may be printed in the RECORD at this point an editorial entitled "Wheat," published in the Baltimore Sun of Sunday, October 6, 1963.

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

WHEAT

If Russia wants to buy wheat in this country, at world prices for dollars and gold, it is in the national interest that the wheat be sold. Any other conclusion would be illogical, even foolish.

As to logic, surely it makes good sense to dispose of a portion of our most mountainous nonstrategic surplus under an arrangement which would significantly ease the chronic deficit in our balance of payments, would strengthen farm prices in the United States, would cut the expenses of handling surplus wheat (some 1 billion bushels are now in storage), might provide a new nonexplosive lever in diplomatic maneuver and, as a byproduct, would demonstrate once more our willingness to reach world accommodations in any way that does not endanger the national security.

As to not being foolish, Russia can get wheat in other ways, if it must. One way is to get it in the form of flour from other Western nations—flour ground from America wheat sold to those nations, which can mill it and take a middleman's profit. (The efficient millers of West Germany, whose Chancellor says he opposes the sale of Western wheat to Russia, can bring in grain from abroad at low prices, grind it and sell the flour on the world market; and reports from Bonn say that in the present situation arrangements have been made for 250,000 tons of German-milled flour to go to the Soviet Union.)

Opposition in this country to selling wheat to Russia is based mainly on two considerations. The first is that we would in effect be selling a subsidized commodity to an unfriendly nation—against the sense though not the binding requirements of Congress, as expressed in the Agricultural Act of 1961. The Agricultural Department contends, how-

ever, that sales to Russia for world prices would compare favorably, in terms of returns, with sales and donations to friendly nations. The second is in the main political, and in Republican ranks is apt to take the ambivalent form of support for the project without formal approval.

This political aspect appears to worry President Kennedy more than in our opinion it ought to. American business interests are generally favorable, along with Middle Western grain interests. Good sense is good sense, and the President should press ahead. For one thing, time grows short, if indeed as Senator HUMPHREY suggests it is not already running out.