2-8-1968

Copper Strike

Mike Mansfield 1903-2001

Let us know how access to this document benefits you.
Follow this and additional works at: https://scholarworks.umt.edu/mansfield_speeches

Recommended Citation
https://scholarworks.umt.edu/mansfield_speeches/766

This Speech is brought to you for free and open access by the Mike Mansfield Papers at ScholarWorks at University of Montana. It has been accepted for inclusion in Mike Mansfield Speeches by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.
The Nation has some problems that will be with us after Vietnam, and what we are talking about is one of them. I hope that these groups will add to their agenda the items identified in the matter we are debating, and that the next time they come to Washington they will spend a little time in support of this effort. In the long run, this matter may have more to do with our survival as a free people than what happens in Vietnam. That statement may strike those concerned about Vietnam as very harsh, but it may be true.

Mr. KENNEDY of Massachusetts. I appreciate the remarks of the Senator from Michigan. In the course of this discussion and his statement, he has focused on dramatic and urgent reasons why we need action on this measure. In the course of his commentary earlier, he pointed out the development of support for various pieces of civil rights legislation.

I believe all of us are realistic enough to recognize the existence of other instances, unless we have an opportunity to highlight this legislation and its relevance to current problems, all too often indifference and apathy carry us to the point where we fail to get action.

I believe that all Americans who have watched the television sets in the last 16 weeks cannot help but be aware of the discrimination against these individuals because of the color of their skin. That is what this measure would do.

I believe that the American people are going to demand from us accountability for our actions and for the lack of expeditious action by the Senate on this measure.

I thank the Senator from Massachusetts.

Mr. HART. I thank the Senator from Massachusetts.

The Congressionl Record — Senate

February 8, 1968

The Copper Strike and the Balance of Payments

Mr. MANSFIELD. Mr. President, much has been heard recently about the balance-of-payments problem. Censorable emphasis has been placed on the idea of increased taxes, tax on travel, "buy America," and other devices designed to offset the current imbalance of payments difficulties.

One aspect of the problem has gone relatively unnoticed. That is the adverse effect of the copper strike which has been going on for nearly 7 months. At my request, the Library's Congressional Legislative Reference Service has prepared an interesting comment concerning this aspect of the problem. Mr. Vladimir N. Prege1 researched this matter, and has provided many interesting statistics.

In essence, he points out that some sources estimate that presently copper is already experiencing a deficit of over $100 million a month. He goes on to state that while the copper strike continues, and if the industry stockpiles which are being steadily depleted are completely exhausted, the copper trade situation could feasibly contribute to the deficit in the U.S. balance of international payments at a projected annual rate of $1 billion and upward.

It is obvious that the nation simply cannot afford such a deficit, particularly since it involves only one segment of our economy, though a vitally important one.

It is my earnest hope that the fact-finding committee appointed by the President—composed of Professor Taylor, Mr. Mansfield, Senator Rddy and myself—will soon be able to mediate this devastating strike which has so severely affected the Western States of this Nation and, as shown by the Prege1 article, has the potential for damaging the fiscal stature of the Nation as a whole.

I point out further than in addition to the producing areas in the Rocky Mountain West, States in the Middle West and, most especially, the Connecticut Valley, New Jersey, and the Baltimore area, have copper producers. These are likewise being affected by the impasse and "impasse" is the only way to characterize the status of the strike at the present time insofar as the companies and the union are concerned.

So I would hope that this fact-finding commission in its meetings this week after having met with the companies and the union last week, will be able to come up with a solution. I hardly need to mention again that the situation has affected my State of Montana, and I am sure my Senator, Senator Prege1, is aware, has created a problem unparalleled in the history of Montana, and, I reiterate, unparalleled in the history of the copper industry.

Mr. President, I ask unanimous consent that the study to which I have referred be printed in the Record, together with two reports on the same topic, one entitled "Copper Strike: Imports Harm Payments Balance—Wirtz Hints U.S. Intervention," written by Ed Townsend and published in the Christian Science Monitor of January 12, 1968, and the other entitled "A Strike That Adds to the Dollar's Troubles," published in U.S. News & World Report of January 15, 1968; and a copy of the latest copper export control regulations promulgated by the U.S. Department of Commerce.

There being no objection, the items requested were ordered to be printed in the Record, as follows:

Effect of the Copper Strike on the Balance of Payments

(By Vladimir N. Prege1, analyst in international trade and finance, Economics Division, Legislative Reference Service, The Library of Congress)

The copper strike is now in its seventh month. While it has not yet resulted in critical copper shortages, it has had a significant impact on the United States payments. It must be mentioned, however, that the effect of the strike on the U.S. copper industry is not the single, most undeniably the strongest, factor in the adverse balance of copper trade.

Imports exceeded in short supply as early as November 1965, and short-supply controls on exports have been imposed almost immediately. But these controls, applied in the form of export quotas, the exports of copper (measured in copper content) and its alloys fell from a monthly average of 33,000 tons in 1965 to just under 30,000 tons in 1966 and under 29,000 tons in the first half of 1967. Despite the drop in quantity, the value of copper exports was on a slow upward trend throughout this period. The monthly average value of exports of copper stood at $27 million in 1965, increased to $29 million in 1966, and to $31 million in the first half of 1967.

Imports during this pre-strike period increased from about 43,000 tons a month in 1965 to almost 60,000 tons a month in 1966, this increase being due exclusively to a tremendous jump in imports during the second half of the year (85,000 tons a month), probably because of a desire to build up stocks as a hedge against the possibility of a strike. During the first half of 1967, the balance of payments showed a deficit of $30 million. The value of copper imports averaged about $30 million a month in 1965, remained at this same level during 1966, and jumped to $78 million during the second half of 1968, resulting in a $51 million net deficit for the first half of 1967, monthly imports of copper averaged $46 million.

The monthly average balance of copper trade was an unfavorable balance of about $3 million in 1965 and a favorable balance of about $16 million for the first half of 1966. During the second half of 1966, it again became strongly unfavorable ($50 million), thus reducing the annual average balance figure for the entire year of 1966 to minus $23 million. During the first half of 1967, the monthly average balance stood at about minus $18 million.

It should be noted that there exists a discrepancy between the above data for the first half of 1967 and those given for the same period in the table supplied to your office by the Copper Division (DCDA). While this discrepancy is statistically significant, it is probably due to the exclusion of certain factors (brass, etc.) from our figures and it does not, on the whole, change the conclusions arrived at from the figures.

Compared to the above cited pre-strike figures, imports and export data for the period following the inception of the strike, compiled by the Copper Division (DCDA), clearly indicate a distinct turn for the worse. Imports of copper increased from a monthly average of, roughly, $50 million during 1966 and the first half of 1967 to $60 million and have shown a marked tendency to grow from month to month. Copper exports, on the other hand, dropped from their almost $20 million average of July 1966 to about $9 million per month to about $20 million. The unfavorable balance of trade was thus increased by almost $20 million more than the $20 million increase for the first half of 1967.
February 8, 1968

CONGRESSIONAL RECORD — SENATE

S1191

Reneed copper is entering the U.S. at a rate of about 14,000 tons per week, with 4,000 tons before the strike began on July 15. The companies maintaining their supplies of the metal, some users are having to pay sharply higher prices for copper brought in from abroad.

Secretary of Labor W. Willard Wirtz suggested on January 3 that the Administration soon may intervene in some way to end the shutdown.

Mr. Wirtz said the strike “has gone on an intolerable length of time.” He added: “Objections are being expressed to the reasonableness of the considerations the President is talking about in his dollar-balance statement.

The Government up to now has refrained from seeking an 80-day injunction under the Taft-Hartley Act. Such an order could end the strike temporarily but might not prevent resumption of the walkout after 90 days.

Most of the country’s copper industry has been shut down since July 15 by the walkout of some 60,000 workers belonging to more than 20 unions. Production is down to about 3 percent of normal, but the Commerce Department said it has no reports of stockpiles.

One reason, in addition to imports, is the huge stockpiles built up by users as a hedge against further strikes.

Imports in November alone totaled 62,000 tons, an official of the Commerce Department said, from Canada, at 51 cents a pound, with the rest being brought from Europe at 61 to 62 cents a pound. The import has remained at the prestrike level of 38 cents a pound, officials said, although only 3 percent of the industry is operating.

In addition to supplies from abroad and the industrial stockpiles, there is a Government defense stockpile of 250,000 tons, far below the stated goal of 778,000 tons.

The importance of the industrial inventories before the strike was indicated by a Commerce Department report of 1968, made public January 15.

The report said that by the end of June, 1967, mill inventories of finished copper products were 26 percent higher than in December, 1966, and 64 percent above September, 1966, levels.

It added: “Primary mill shapes and semi-mill shapes held by manufacturers, electric-power utilities, and wholesale distributors increased 24 percent from the end of September, 1966, to the end of June, 1967.”

The auto industry was among those that prepared for the strike by building stockpiles. Auto companies use about 90 percent of the copper consumed in this country.

AUTOMAKERS WORRIED

The auto industry now is becoming increasingly apprehensive about the shutdown, but so far the plants have maintained normal production and expect to do so for January and February.

A General Motors spokesman said GM’s position is “difficult,” but there is “no pinch yet” and probably won’t be before the end of the month.” Ford Motor Company said it built an inventory of 60 to 90 days above average last January to cover possible foreign sources in part. Chrysler Corporation reported that it is feeling no immediate pinch.

Another big user of copper, Westinghouse Electric, reported it is well supplied now, but says it is using higher priced metal imported from Canada and Europe. “We figure,” a spokesman remarked, “that we can

Mike Mansfield Papers, Series 21, Box 44, Folder 8, Mansfield Library, University of Montana
which was declared as an offset against an

1. Copper ores, concentrates, matte, blister copper and other unrefined copper: Previously, an exporter intended to export these commodities for refining overseas without return of the refined copper to the United States, the Office of Export Control granted licenses for 80% of the exporter's available quantity of his July 1-June 67 production, and required the exporter to retain the remaining 20% in his accumulated inventory. The Office of Export Control will now consider applications to export this accumulated inventory, even though the exporter does not intend to refine either copper base or copper scrap.

2. Copper and copper-base alloy waste and certain nickel scrap: The provisions of paragraphs (a) (2) and (b) (2) of the Dispute Settlement Agreement limiting consideration for approval to export these commodities to eighty percent of an exporter's inventory, will no longer apply. An exporter of copper or copper-base alloy waste and copper scrap will now be able to export this material without imposing a limit on his inventory.

**Applicability of other provisions**

Exporters are reminded that all other special copper provisions continue in effect. These provisions are set forth in §§ 373.30 and 373.43 of the Export Regulations. It should be noted in particular that applications to export copper concentrates, matte, blister copper and other unrefined copper generally are denied. However, applications for licenses to export these commodities as well as copper and copper-base alloy waste and certain nickel scrap that cannot be processed commercially in the United States will continue to be considered for licensing without a charge against the historic export quota. In the exception to the general policy of denial for copper ores, concentrates, matte, blister copper and other unrefined copper, the Exports Regulations formerly described these commodities as not commercially processable because of "technical or economic reasons. They are now identified as not commercially processable for "technological or economic reasons."

**Effective date of action:** January 21, 1968

Accordingly, the Export Regulations are amended in the following respects:

1. Supplement No. 1 to Part 373 is amended as set forth above under Time Schedules for Submitting Applications.

2. Paragraphs 373.30 (a) (2) and (b) (2) (1) are amended as follows:

   a) Shipments of copper or copper-base alloy waste and certain nickel scrap which are not commercially processable in the United States will be considered for export licensing.

   b) Shipments of copper or copper-base alloy waste and certain nickel scrap which are not commercially processable in the United States will be considered for export licensing.

   c) Shipments of copper or copper-base alloy waste and certain nickel scrap which are not commercially processable in the United States will be considered for export licensing.
February 8, 1968

CONGRESSIONAL RECORD - SENATE

Mr. MANSFIELD. The Senator is correct. I am only sorry that up to this time there has been no real, free collective bargaining. What has happened is that the unions and the companies have been at it again.

What should be done is that they ought to get them around the table and work them on a 24-hour, round-the-clock basis. They will be at it for a long time until a settlement is reached.

The livelihood of too many people is being hurt gravely by this strike, and the losses which they have suffered will never be regained.

FRENCH INDEBTEDNESS TO THE UNITED STATES—A DEBT OF HONOR

Mr. LONG of Louisiana. Mr. President, on February 5, the chairman of the Committee on Foreign Relations, the gentleman from Arkansas [Mr. Fulbright], made a statement concerning the French World War I indebtedness to the United States.

The statement gave the impression that the United States should not press for a settlement of its claims outstanding on the French Government, because it is a question of a settlement of a war debt. I should like to take this opportunity to set the record straight.

First, it is agreed that the French have been punctual in paying back the loans we made them after World War II. Indeed, as the distinguished chairman of the Foreign Relations Committee pointed out, France has prepaid many of its obligations incurred after World War II. No one disputes this.

With regard to the World War I indebtedness, it is true that in default is $5.1 billion and have not paid a penny of principal or interest since 1932. Britain and other countries owe us another $10.4 billion from World War I which has also been in default since 1932. The basic question is, however, are these still valid claims? The answer is "Yes." The French Government has not contested the validity of its World War I debt to the United States. It has insisted that there is a direct connection between the French payment of this debt and of repatriation payments by Germany to France. The U.S. Government to this day, however, has maintained that there is no connection between German reparations and the debts of allied nations to the United States. If someone owes me $100 he cannot claim forgiveness simply because someone else owes him $200. That is why, Mr. President, I have been concerned that the creditor has the legal right to demand payment of a note from one debtor, while agreeing to extend further credit to another debtor.

FRENCH INDEBTEDNESS TO THE UNITED STATES—A DEBT OF HONOR

Mr. LONG of Louisiana. Mr. President, just as a bank has a right to foreclose on the fact that the creditor has more money in its bank. If a person has a note that is past due, they simply credit the note against the bank account. I have seen banks do that. At times it has been by surprise to have that happen, but the bank has a right to do that and they sometimes proceed to do it.

The French paid on our gold stock has given rise to even more speculative inflow of gold to the extent that since 1983, more than the entire world's gold production has gone to private hands, and there has been a dearth of gold in the gold market. But your note is in arrears. It is past due. When you bring the dollars in, we will apply them against the $5.1 billion. In that case, we will be glad to sell you more gold.

We have a perfect right to do that. Mr. President, just as a bank has a right to foreclose on the fact that the creditor has more money in its bank. If a person has a note that is past due, they simply credit the note against the bank account. I have seen banks do that. At times it has been by surprise to have that happen, but the bank has a right to do that and they sometimes proceed to do it.

The French paid on our gold stock has given rise to even more speculative inflow of gold to the extent that since 1983, more than the entire world's gold production has gone to private hands, and there has been a dearth of gold in the gold market. But your note is in arrears. It is past due. When you bring the dollars in, we will apply them against the $5.1 billion. In that case, we will be glad to sell you more gold.

We have a perfect right to do that. Mr. President, just as a bank has a right to foreclose on the fact that the creditor has more money in its bank. If a person has a note that is past due, they simply credit the note against the bank account. I have seen banks do that. At times it has been by surprise to have that happen, but the bank has a right to do that and they sometimes proceed to do it.

The French paid on our gold stock has given rise to even more speculative inflow of gold to the extent that since 1983, more than the entire world's gold production has gone to private hands, and there has been a dearth of gold in the gold market. But your note is in arrears. It is past due. When you bring the dollars in, we will apply them against the $5.1 billion. In that case, we will be glad to sell you more gold.