2-8-1968

Copper Strike

Mike Mansfield 1903-2001

cerned about Vietnam. For understandable reasons, they are concerned, and they have some very firm opinions about how we should conduct ourselves in Vietnam.

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 those groups will add to their agenda of items of concern 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 history of the development of support for various pieces of civil rights legislation.

I believe all of us are realistic enough to know that, under many sets of circumstances, 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 10 days or 2 weeks—really, for the last 3 years, but more dramatically in that period of time—and have seen the many American soldiers of all races who have been killed or wounded, want to express the support for those men which all of us feel. And they may ask the very question which the Senator from Michigan and others have been asking for a long time: Why can we not provide for all those individuals, who are representing this country who are giving their lives in its interest, and of whom we are all proud, the same opportunities for the purchase and rental of housing? Why can we not act to prohibit and proscribe 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.

Mr. HART. I thank the Senator from Massachusetts.

THE COPPER STRIKE AND THE BALANCE OF PAYMENTS

Mr. MANSFIELD. Mr. President, much has been heard recently about the balance-of-payments problem. Considerable emphasis has been placed on the idea of increased taxes, tax on travel, "buy America," and other devices designed to offset our 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 of Congress Legislative Reference Service has prepared an interesting comment concerning this aspect of the problem. Mr. Vladimer N. Pregelj researched this matter, and has provided me with enlightening satistics.

In essence, he points out that some sources estimate that presently copper is already being imported at a rate of over $100 million a month. He goes on to state that if 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 this 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 factfinding commission appointed by the President—composed of Professor Taylor, Monsignor Higgins, and Mr. Reedy—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 Pregelj 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 fabricating plants which 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 Factfinding 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 drastically, indeed, it has created a problem unparalleled in the history of Montana, and, I reiterate, unparalleled in the history of the copper industry as a whole.

Mr. President, I ask unanimous consent that the study to which I have referred be printed in the RECORD, together with two recent articles dealing with 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 follow:

EFFECT OF THE COPPER STRIKE ON THE BALANCE OF PAYMENTS

(By Vladimir N. Pregelj, 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 balance of payments. It must be mentioned, however, that the effect of the strike on the U.S. copper industry is not the only, although it is presently undoubtedly the strongest, factor in the adverse balance of copper trade.

Domestically produced copper was declared in short supply as early as November 1965, and short-supply controls on its exports have been in effect ever since. Under these controls, applied in the form of export quotas, the exports of copper (measured in copper content) and its alloys (excluding brass) 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. Monthly average value of exports of copper stood at $27 million in 1965, and increased to $28 million in 1966, and $28.5 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 caused in part by the desire to build up stocks as a hedge against the possibility of a strike. During the first half of 1967, the monthly average stood at 55,000 tons. The value of copper imports averaged about $30 million a month in 1965, remained at the same level during the first half of 1966, and jumped to $73 million during the second half of 1966, resulting in a $51 million monthly average for 1966. During the first half of 1967, monthly imports of copper averaged $46 million.

Thus, the monthly average balance of copper trade was an unfavorable balance of about $3 million in 1965 and a favorable balance of about $3 million during the first half of 1966. During the second half of 1966, it again became strongly unfavorable ($50 million), thus reducing the monthly average balance figure for the entire year of 1966 to minus $23 million. During the first half of 1967, the average monthly 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, EDSA. While this discrepancy is statistically significant, it is probably due to the exclusion of certain copper alloys (brass) or products from our figures and it does not, on the whole, change the overall picture.

Compared to the above cited pre-strike figures, import and export data for the period following the inception of the strike, as compiled by the Copper Division, BDSA, 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 traditional level of slightly under $30 million per month to about $20 million. The unfavorable balance of trade was thus increased by some $20 million a month to $40 million, or about double the levels of 1966 and the first half of 1967.

The situation is likely to worsen even further. Thus far, a part of the current requirements of copper users has been satisfied from the industry's stockpiles. These are being steadily depleted, and for many users it may only be a matter of time until they are completely exhausted. As a consequence, not only the demand for foreign copper, but also—in view of the increased demand—the price of foreign copper will increase, and the total outflow of dollars for copper imports will rise. In fact, some sources estimate that presently copper is already being imported at a rate of over $100 million a month. In such a case, the present copper trade situation would then contribute to the deficit in the U.S. balance of international payments at an annual rate of $1 billion and upward.

Two recent articles dealing with the same topic and a copy of the latest copper export control regulation are inclosed for your information.

[From the Christian Science Monitor, Jan. 12, 1968]

COPPER STRIKE: IMPORTS HARM PAYMENTS BALANCE—WIRTZ HINTS U.S. INTERVENTION

(By Ed Townsend)

NEW YORK.—Secretary of Labor W. Willard Wirtz has just suggested that the Johnson administration may find it necessary to intervene in the six-month copper strike. There is no national emergency; critical copper shortages have failed to develop because of the availability of copper supplies overseas.

But, Secretary Wirtz said, greatly increased purchases of copper abroad are having an adverse effect on the nation's balance-of-payments position at a critical time for the American dollar.

One electrical manufacturer, a major copper customer, is reported buying about $25,000 worth of copper in foreign markets each week. Its purchases overseas during the strike that began July 15 are near a $750,000 level. And it is only one customer of the copper industry.

A few days ago, James Boyd, president of Copper Range Company, estimated that purchases overseas to fill the losses of supplies mined and refined in this country have caused a balance-of-payments decline of $181 million in the past three months alone. Other top industry sources say the dollar outflow for copper now is about $20 million a week, a rate of more than $1 billion annually, exclusive of payments for fabricated copper and brass products.

PRICES HIGHER, TOO

This is a critical drain at a time when the administration is taking steps to plug dollar leaks, and the economic effects are aggravated by the fact that purchases abroad are at higher prices—adding to inflationary pressures on prices to United States consumers.

Under the circumstances, official Washington is becoming more impatient with the lack of progress in bargaining between major copper companies and the United Steelworkers of America (USW). Although administration spokesmen officially still stick to a position that there are "no present plans to do anything," this could change very quickly.

Secretary Wirtz left little doubt of that when he commented that the strike by the Steelworkers and 25 other unions has lasted "an intolerable length of time." He deplored the lack of signs of significant progress. Perhaps it's time to acknowledge the "failure" of collective bargaining in the copper industry, he said.

TAFT-HARTLEY QUESTION

Asked whether that might be interpreted to mean that the government is ready to use the Taft-Hartley Act or other measures to end the strike, Mr. Wirtz conceded, "I don't know." He added, "We are going to have to review our position."

Part of the reluctance to intervene is political: The Johnson administration—and the Democrats—must have organized labor's support in the 1968 election. Not only the copper unions but all of labor would react strongly against any government move that might be construed as strikebreaking.

But part is legal: If it wanted to invoke the Taft-Hartley Act to get an injunction to end the strike in copper states, the administration would have to demonstrate a national emergency. That would be controversially hard to justify.

Other than Taft-Hartley, its only recourses would seem to be persuasion (and persuasion hasn't worked yet in the industry) or some extralegal form of fact finding.

The strike began routinely last July 15, when USW and a number of smaller unions struck the industry's "big four"—Kennecott, Phelps-Dodge, Anaconda, and American Smelting & Refining—and four smaller firms. Since then the strike has spread so that it has shut off more than 90 percent of the country's domestic copper production, along with half of its lead and zinc output.

Orders to customers of the struck companies have been filled from stockpiles, built up in anticipation of a labor showdown this year, or from supplies imported from abroad and sold at premium prices.

A CUSTOMER'S VIEW

The government's defense-production needs have been met on schedule, and will continue to be: no emergency is in the offing.

Electrical manufacturers and others who need copper for private production so far have managed to get enough of it—or have turned to substitutes. Some now say the pinch-off of domestic copper is beginning to hurt more and insist they can't go on "indefintiely" without the reopening of the domestic mines and mills.

Within the next few weeks, they say, pressures will be brought to bear on copper companies to negotiate settlements. But one management spokesman of a copper-using firm said his company would be "most reluctant" to do this: "We are 100 percent behind the copper producers," he said, "and we feel as they do that this is a hard test of the right of union leaders to take bargaining into their own hands, squeezing out the rank and file who are hurt by a strike."

The statement by an outsider, involved as a copper customer, is significant. It indicates why the strike is dragging on.

Both sides say they stand ready to negotiate at any time on a "realistic" basis. The trouble is, they can t agree on what is realistic.

Instead of the usual issues—wages, hours, and working conditions—the crux of the copper dispute is a major difference of opinion over the whole pattern of bargaining.

Employers contend that the unions are trying to establish industrywide bargaining by winning, initially, company contrasts with a common expiration time. And they strongly object to union demands for wage uniformity instead of rates set, according to local conditions, in plant-in-plant contracts. Whoever wins will have a future bargaining edge.

[From U.S. News & World Report, Jan. 15, 1968]

A STRIKE THAT ADDS TO THE DOLLAR'S TROUBLES

A strike that seemingly has no end is bringing surprising results—it is weakening the dollar.

Floods of dollars are going abroad for copper that cannot be bought at home. Reason: U.S. mines are paralyzed by a strike that already is six months old.

At a time when President Johnson is moving to strengthen the dollar by keeping more dollars at home, the prolonged strike in copper is increasing the outflow of dollars to foreign lands.

The reason: American consumers of copper are stepping up imports to offset the loss of production in this country.

The effect: a weakening of the dollar by increasing the U.S. balance-of-payments deficit.

As a result, pressure is beginning to mount in Washington to end the walkout, now six months old.

Effects of the copper strike can be seen in the following facts:

Copper-consuming industries are spending an estimated 12 million dollars a week—an annual rate of 600 million—on imported copper.

Refined copper is entering the U.S. at a rate of about 14,000 tons a week, compared with 4,000 tons before the strike began on July 15.

To maintain their supplies of the metal, some users are having to pay sharply higher prices for copper brought in from abroad.

GOVERNMENT INTERVENTION?

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: "Obviously, it is the kind of case that has a relevancy to the considerations the President is talking about in his dollar-balance statement."

The Government up to now has refraned 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 80 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 per cent of normal, but the Commerce Department said it has no reports of serious shortages.

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

Imports in November alone totaled 62,000 tons, an official of the Commerce Department said. About one third is coming from Canada, at 51 cents a pound, with the rest being brought from Europe at 61 to 62 cents.

The domestic price has remained at the prestrike level of 38 cents a pound, officials said, although only 3 per cent of the industry is operating.

In addition to supplies from abroad and the industrial stockpiles, there is a Government defense stockpile of 259,000 tons, far below the stated goal of 775,000 tons.

GOVERNMENT STOCK NOT AVAILABLE

A Commerce Department official said the Government does not plan to release copper from its defense stockpile, because it wishes to avoid union complaints of "strikebreaking."

Size of the industrial inventories before the strike was indicated by a Commerce Department preview of 1968, made public January 8.

The report said that by the end of June, 1967, mill inventories of finished copper products were 26 per cent larger than in December, 1966, and 64 per cent above September, 1966, levels. It added:

"Brass-mill shapes and wire-mill shapes held by manufacturers, electric-power utilities, and wholesale distributors increased 24 per cent 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 9 per cent of the copper consumed in this country.

AUTOMAKERS WORRIED

The auto industry now is becoming increasingly apprehensive over the shutdown, but so far the plants have maintained normal production and expect to do so for at least another month or two.

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 normal usage prior to the strike, using 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 is paying higher prices for the metal imported from Canada and Europe. "We figure," a spokesman remarked, "that we can get through February with only spot shortages."

Still another manufacturer said copper was being obtained by "paying exorbitant prices—as much as 68 per cent above the normal market price."

Thus, copper users are being forced to increase their manufacturing costs in order to stay in production. They are not the only ones complaining about the length of the strike. Officials of Western copper States for months have been seeking an end to the shutdown.

Why has the walkout in this industry lasted so long? What issues are so important to both sides as to deadlock the dispute since mid-July?

The companies accuse the unions of ganging upon the employers—through a new strategy of "co-ordinated bargaining." That is, officials of various unions having contracts with an employer act in concert on demands and strategy.

The industry also contends that the unions are trying to force industry-wide bargaining on the companies.

Employers contend that wages should be pegged to those being paid by industries in the area, while the unions want uniform rates across the country.

From the union side comes the argument that most other employers have granted company-wide contracts to unions. The labor groups, led by the Steelworkers, contend that unions have a right to co-operate in negotiations.

THE WAGE DISPUTE

Wages and "fringes" also are in dispute. The union coalition demanded pay raises of about $1 an hour over three years. The first offer from the companies ran about 52 cents an hour. Recently Phelps Dodge raised its offer to 64 cents an hour.

Phelps Dodge was the only major firm actively bargaining as the new year began. Federal mediators hoped to break the negotiating deadlock and find a solution to this strange strike.

[From Current Export Bulletin 962, Supplement to the Comprehensive Export Schedule, Jan. 22, 1968]

EXPORTS OF COPPER, JANUARY TO JUNE 1968—SECTIONS 373.20 (a)(2) AND (b)(2), AND SUPPLEMENT NO. 1 TO PART 373

PURPOSE AND EFFECT

Short supply controls over the export of copper and copper products from the United States will be continued during the six-month period January–June 1968.

During this period, the Office of Export Control will consider applications for licenses against the established export licensing quotas set forth below. This continues the level of control that has been in effect since January 1966.

The quotas established are as follows:

Commodity: (a) Copper scrap, as follows: Copper metalliferous ash and residues (Export Control Commodity No. 28401); copper or copper-base alloy waste and scrap, including copper alloy waste and scrap of less than 40 percent copper content where the copper is the component of chief weight (Export Control Commodity No. 28402);

Nickel waste and scrap containing 50 percent or more copper irrespective of nickel content (Export Control Commodity No. 28403).

(*Quota:* 16,500 copper content short tons.)

(b) Refined copper of domestic origin including remelted, in cathodes, billets, ingots (except copper-base alloy ingots), wire bars, and other crude forms (Export Control Commodity No. 68212).[1]

(*Quota:* 25,000 copper content short tons.)

(c) Copper-base alloy ingots composed essentially of copper with one or more other metals, for example: berryllium copper ingots, devarda alloy ingots, guinea alloy ingots, ounce metal ingots, etc. (Export Control Commodity No. 68212).

(*Quota:* 1,000 copper content short tons.)

(d) Semi-fabricated copper products and master alloys of copper, as follows:[2]

(*Quota:* 9,000 copper content short tons.)

Export control commodity No.	Commodity description
No.	
51470	Master alloys of copper con'aining 8 percent or more phosphor.
68213	Master alloys of copper.
68221	Bars, rods, angles, shapes, sections, and wire of copper or copper-base alloy.
68222	Plates, sheets, and strips of copper or copper-base alloy.
68223	Copper foil.
68223	Paper-backed copper foil.
68224	Copper or copper alloy powders and flakes.
68225	Tubes, pipes, and blanks therefor, and hollow bars of copper or copper-base alloy.
69892	Copper and copper-base alloy castings and forgings.
72310	Wire and cable coated with, or insulated with, fluorocarbon polymers or copolymers.
72310	Coaxial-type communications cable as follows: (a) Containing fluorocarbon polymers or copolymers, (b) using a mineral insulator dielectric, (c) using a dielectric aired by disks, beads, spiral, screw, or any other means, (d) designed for pressurization or use with a gas dielectric, or (e) intended for submarine laying.
72310	Other coaxial cable.
72310	Communications cable containing more than 1 pair of conductors of which any 1 of the conductors, single or stranded, has a diameter exceeding 0.9 mm. (0.035 in.), as follows: (a) Cable in which the nominal mutual capacitance of paired circuits is less than 53 nanofarads/mile (33 nanofarads/kilometer, except conventional paper and air dielectric types, (b) submarine cable, or (c) cable containing fluorocarbon polymers or copolymers.
72310	Other communications cable containing more than 1 pair of conductors and containing any conductor, single or stranded, exceeding 0.9 mm. in diameter.
72310	Other copper or copper-base alloy insulated wire and cable.

Licensing under past participation in exports licensing method

The quotas set forth above for copper-base scrap, refined copper, and copper-base alloy ingots will be licensed in accordance with the Past Participation in Exports licensing method described in § 373.8 of the Comprehensive Export Schedule, except as otherwise indicated in the footnote to the quota announcement in this Bulletin.

Of the total quota of 9,000 copper content short tons established for semi-fabricated copper products and master alloys of copper, 65% (or 5,850 copper content short tons) will be allocated in accordance with the Past Participation in Exports licensing method. The remaining portion of the quota, 35% (or 3,150 copper content short tons) will be reserved to meet essential export requirements that cannot be satisfied under the Past Participation in Exports licensing method.

Quantities allocated for licensing to each exporter under the Past Participation in Exports licensing method will be the same during the January–June 1968 six month period as it was during the period of July through December 1967.

[1] Shipments of refined copper produced from foreign-origin copper raw materials, and refined copper produced from material which was declared as an offset against an equivalent quantity of foreign-origin copper raw materials entered into the United States under a recent U.S. Customs Import Entry, may be licensed for export without a charge against the quota (see paragraph 373.43 (b)(2)).

[2] Shipments of semi-fabricated copper products and master alloys of copper under United States military contracts or under contracts financed by the Agency for International Development will be licensed without a charge against the quota.

Time schedules for submitting applications

An exporter of any commodities for which a quota has been established, except for semi-fabricated copper products and master alloys of copper, who qualifies as a "historical exporter" under the Past Participation in Exports licensing method shall submit his applications no later than May 31, 1968. An exporter of these quota commodities who does *not* qualify as a "historical exporter" shall submit his applications no later than February 16, 1968.

The submission of applications for licenses to export semi-fabricated copper products and master alloys of copper is not subject to time schedules. Applications for these products may be submitted at any time.

Accumulated inventories

1. Copper ores, concentrates, matte, blister copper and other unrefined copper: Previously, where 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–November 15, 1967 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 return the refined copper to the United States.

2. Copper and copper-base alloy waste and certain nickel scrap: The provisions of paragraph 373.20(b)(2)(ii) remain in effect limiting consideration for approval to export these commodities to eighty percent of an applicant's inventory and receipts where the export will not result in the import of refined copper into the United States for consumption.

Applicability of other provisions

Exporters are reminded that all other special copper provisions continue in effect. These provisions are set forth in §§ 373.20 and 373.43 of the Export Regulations. It should be noted in particular that applications for licenses to export copper ores, 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 export quota. In connection with the exception to the general policy of denial for copper ores, concentrates, matte, blister copper and other unrefined copper, the Export Regulations formerly described these commodities as not commercially processable because of "contamination or for any other reason." They are now identified as not commercially processable for "technological or economic reasons."

EFFECTIVE DATE OF ACTION: JANUARY 22, 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. The first sentence of paragraph 373.20 (a)(2)(i) is amended to read as follows:

(i) Shipments not commercially processable in the United States.

Consideration will be given to approval of applications covering the proposed export of commodities described in paragraph (1) above, which because of technological or economic reasons, cannot be processed commercially in the United States.

3. Paragraph 373.20(a)(2)(ii) is amended to read as follows:

(ii) Shipments for which processing facilities are not available due to strike conditions.

Consideration will be given to approval of applications received from, or on behalf of, copper producers covering the proposed export to Country Groups T and V of commodities described in paragraph (1) above, that cannot be processed commercially in the United States due to the non availability of processing facilities caused by strike conditions in the domestic copper industry. Such applications shall include the following certification:

"I (We) certify that due to strike conditions there are no domestic facilities available for processing the commodities described on this application."

4. The second paragraph of 373.20(b)(2)(ii) is amended editorially to set forth in full, rather than by cross reference, the certification required by that paragraph. As amended, the second paragraph reads as follows:

Where an application covers commodities to be exported under the provisions of this paragraph 373.20(b)(2)(ii) that will be smelted and the resulting refined copper, or an equivalent quantity thereof, will be imported into the United States for consumption, it shall also contain the following certification:

"I (We) certify that there are no domestic facilities available for processing the commodities described on this application. The refined copper produced from these commodities, less the customary charges made by the foreign refinery, or an equivalent amount of refined copper will be imported into the United States for consumption."

Such applications may be for one hundred percent of the stocks of the commodities held by the applicant. However, the refined copper resulting from the export of copper bearing scrap commodities must be imported into the United States no later than 120 days after the scrap export to which it is related.

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

Mr. MANSFIELD. I yield.

Mr. LAUSCHE. Mr. President, for the purpose of information, when did the President appoint the factfinding commission?

Mr. MANSFIELD. About 2 weeks ago. And they met 4 days last week, on Tuesday, Wednesday, Thursday, and Friday.

They met with Phelps-Dodge and the Steelworkers Union on Tuesday; on Wednesday, with Kennecott and the Steelworkers Union; on Thursday, with Anaconda and the Steelworkers Union; and on Friday, with American Smelting & Refining, ASR, and the Steelworkers Union.

On the basis of those hearings, this week they decided to go into private conference, and they are considering ways and means by which this matter may possibly be settled.

Mr. LAUSCHE. It is the opinion of the Senator from Montana that the factfinding commission appointed by the President should strive objectively and impartially to consider the facts and then reach a judgment that will best serve the general interests of the whole economy of the United States.

Mr. MANSFIELD. The Senator is correct. And I might say that he has some copper fabricating plants in his State which are affected by the strike.

Mr. LAUSCHE. The Senator from Montana was not on the floor today when I pointed out that Ohio is being seriously and prejudicially affected by the strike that is going on, and that the Ohio economy wants something done immediately and quickly to settle the dispute.

Mr. MANSFIELD. The Senator made a good statement. I am sorry that I was not here to hear it. However, I point out that, in contrast to the fabricating plant areas, in cities like Butte and Anaconda, there are no other industries to fall back on, and these are one-commodity towns. As a matter of fact, so is East Helena, which has the ASR located there. They have the State capital 5 miles away, and perhaps some people can find jobs there. However, as far as Butte and Anaconda are concerned, they are in the dumps. There is no other place there to find employment, and the situation is serious and calls for attention right now.

Mr. LAUSCHE. Mr. President, that would mean that both sides must recognize the serious impact upon the economy and the ability of people living in those areas to sustain themselves. If an agreement is not reached, they will be unable to do so. An agreement should be reached by the parties.

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 arms' length.

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 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 distinguished Senator from Arkansas [Mr. FULBRIGHT], made a statement concerning the French World War I indebtedness to the United States. In effect, the statement gave the impression that the United States should not press for a settlement of its claims outstanding on the Government of France. I dispute that statement, and 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, however, the French are in default on $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 French payment of this debt and of reparation 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 a simple legal principle. It is also clear that a creditor has the legal right to demand payment of a note from one debtor, while agreeing to extend further credit to another debtor.

Furthermore, it is a well-accepted principle that if two people owe each other money and one calls for payment from the other, the second person has a right to cancel one debt against the other.

Moreover, Mr. President, there is another factor which is relevant in this issue; that is, that the Government of France has not hesitated to buy every dollar's worth of gold they can get from the U.S. Treasury's dwindling stock. Since 1958, the French have purchased $3.6 billion of our gold, not including whatever they bought in the last quarter of 1967 when we lost over $1 billion.

In other words, France is making a run on our gold while she owes us $5.1 billion. We have a perfect right to say, "Before we give you any more gold, we will first give you credit against some of the $5.1 billion you owe us. After you have brought us $5.1 billion, we will then proceed to pay you in gold, as in the past. 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. After that, 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 look at the fact that one has 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 taken businessmen by surprise to have that happen, but the bank has a right to do that and they sometimes proceed to do it.

The French raid on our gold stock has given rise to enormous private speculation in gold to the extent that since 1965, more than the entire world's gold production has gone to private hands, and there has been a decline in official holdings of gold by the world's monetary institutions.

This is not an action of a friendly, creditor country. This is an action of rebuff to the United States from the nation on whose soil American soldiers have spilled a lot of blood. Blood to preserve the "glory" of France. But we do not claim these debts as blood debts. We do not want to return to the situation which existed during most of the 19th century wars between Germany and France in which the victor bled the financial sources of the vanquished. Nor do we want to return to the atmosphere which existed after the Treaty of Versailles where allied countries demanded a blood debt from Germany, far beyond her capacity to pay. That treaty was used so effectively by a paperhanger to lead a frustrated nation into triggering off World War II. Yes, Adolf Hitler, waving the Treaty of Versailles, aroused the indignation of the German people to the point of insanity.

What we are saying is that first of all, we have legal claims on France and other countries which are beyond dispute, and second, we can and should press those