

Questions and Answers Following John H. Lichtblau's Statement Before
The Senate Finance Committee on the Trade Expansion Act of 1962

Senator Douglas (presiding). Mr. Lichtblau, there are many things in your very able statement with which I agree, but I wonder if you really want to stand on your statement on page 4 in the second paragraph from the bottom in which you say, "Coal is not an industry in dire straights."

My own state of Illinois was once one of the great coal-producing states of the Union and still is, but whereas we had something like 30 to 90 thousand coal miners 20 years ago, we now have 9,000, and the decline of coal mining is a large cause for the fact that a considerable portion of the southern part of Illinois is really a distressed area so that I think you overstate your case in saying that coal is not an industry in dire straights.

Mr. Lichtblau. Well, sir, I am looking ahead so far as coal markets are concerned -

Senator Douglas. You are looking to the future?

Mr. Lichtblau, Yes, sir.

Senator Douglas. But you use present tense. You say coal is not an industry -- don't say coal will not be in dire straights in the future, so you shouldn't use the present tense.

Mr. Lichtblau. In the first six months, sir, there has been a fairly sharp increase in U. S. coal production and sales as compared to last year.

Senator Douglas. But unemployment is still very great?

Mr. Lichtblau. Yes, sir.

Senator Douglas. Tonnage wage rates on coal, of course, have not been increased. The policy of the United Mine Workers has been to maintain tonnage rates. So that there has been no increase in the price of coal.

Mr. Lichtblau. No, sir. But employment has declined to a large extent for technological reasons rather than because of competition from other fuels.

Senator Douglas. Now, I want to come to a point which I think is important. Each industry tends to concentrate upon its own troubles and to blame other industries. I was in Germany last fall, and it became evident that Germany was restricting the importation of American coal. The total German production of coal is something like 120 million tons a year, I believe.

Mr. Lichtblau. Yes, sir.

Senator Douglas. They restrict imports to six million tons, five million of which are American, permitted to be American, under import

licenses, although we could lay down coal in the lower part of the Rhine very much more cheaply than the German coal.

Mr. Lichtblau, Yes, sir.

Senator Douglas. Yet the German Government persists in this, and deprives us of probably from 20 to 40 million tons of coal a year in markets.

Now, is it because of the loss of this German market that the coal industry in this country has turned to imposing reprisals or advocating reprisals on Venezuela residual oil, and I told the German trade authorities, notably Mr. Erhard, who was delivering a speech tone on the advantages of free trade and reproving us for following the policy of restricting residual oil, he had the remedy in his own hands.

If he would only admit American coal to Germany then we could forego restrictions on residual oil from Venezuela which I think would be beneficial both economically and as you say, politically.

I have been advocating giving the President power to increase tariffs, if this is necessary to compel the European countries to lower their tariffs and quotas and other restrictions upon American goods.

Would you favor such a policy?

Mr. Lichtblau. Yes, sir, entirely.

Senator Douglas. You would?

Mr. Lichtblau. I think the restriction of American coal imports into Germany is just as obnoxious as restriction of residual fuel oil coming into the United States.

Senator Douglas. If we could wash the two out together wouldn't it be a great benefit?

Mr. Lichtblau. Yes, sir.

Senator Douglas. But you can hardly blame the coal industry, can you, because of the failure to eliminate restrictions in Germany, they demand restrictions on Venezuelan, and on residual fuel in Latin America.

Mr. Lichtblau. Except that some of the German spokesmen have said, "just as you restrict your coal production in the U. S. against fuel oil, we must protect our own production against American coal," you never know what comes first.

But I agree with you fully, sir, if both of these could be eliminated, it would be to the advantage of both Germany and the United States.

Senator Douglas. I am glad to hear that. I am going to move that we place a clause, at least I intend to move, unless I can be convinced that it is wrong, have a clause added to the bill to give

to the President the power to raise tariffs if these can be, and these are necessary, to get a reduction in the tariff schedules of other countries.

Mr. Lichtblau. Yes, sir. I would favor it entirely. I think it is a very sound approach.

Senator Douglas. I have always hoped that we could get the importers of the country together on a policy of broadening trade.

Mr. Lichtblau. Yes, sir.

Senator Douglas. I am very glad you came down here to testify because the importing interests and the consuming interests always tend to get neglected.

Mr. Lichtblau. Yes, sir.

Senator Douglas. So I want to commend you, but instead of merely looking at your own problem, which is that of selling residual fuel, I wish you would look at the broader means to see how we can expand trade generally.

Do you think your people would go along with it?

Mr. Lichtblau. Yes, I am sure they will. Because they are in favor of free trade in general, there would be an expanding trade. There should be no objection to it, sir.

Senator Douglas. We are running into the difficulty with the State Department which were opposed to giving the President power to increase tariffs.

Mr. Lichtblau. It is my understanding the State Department is in favor of Germany reducing it. (the restriction on coal imports).

Senator Douglas. Oh, yes, they are in favor of it but they don't want to give us any weapons which we can enforce it with. That is the point. They depend upon persuasion and principles of the Sermon on the Mount which are very admirable principles but now wholly effective in this hard-boiled world.

Mr. Lichtblau. I think that is correct. They have tried it for a number of years, but it hasn't worked.

Senator Douglas. Senator Carlson?

Senator Carlson. I want to commend Mr. Lichtblau on a very temperate statement. Here is an issue in which I could be very much involved.

Mr. Lichtblau. Yes, sir.

Senator Carlson. I do hope you can keep in mind we have some problems in the domestic oil producing areas as well as the coal industry which the Senator from Illinois has so well stressed, so I think it is a problem we have got to work at mutually and I hope we can work out adjustments that will keep in mind both the importation

and exportation and our domestic production.

I think you made a very temperate statement.

Mr. Lichtblau. Thank you very much, sir.

Senator Douglas. This is always characteristic of the Senator from Kansas, he is a very kindly man.