MR. PRESIDENT:

I am in sympathy with the principle embodied in the amendment dealing with offshore procurement which the Committee on Foreign Relations has offered as one of its proposals for improving the Mutual Security Bill.

This principle is that commodities purchased for the foreign aid program should be purchased, whenever practicable, in the United States. This is a laudable principle. By aiding American industry and agriculture, the purchases contribute to the American economy and reduce the heavy burden of expense borne by the American taxpayer in supporting the mutual security program. The alternative is to subsidize industries overseas which will compete with American industry.

In applying this "buy American" principle, the Committee has been quite lenient. It would authorize the President to permit up to 50 per cent of the nonmilitary assistance funds (other than the Development Loan Fund) to be used for offshore procurement. I am inclined to believe that this ceiling on foreign purchases is set too high. However, in view of the fact that the mutual security program is primarily a security program, and not a program to regulate or restrict trade, I am willing to accept the judgment of the Committee as to the percentage of procurement that can reasonably be conducted overseas without undue damage to American industry.

However, having accepted somewhat reluctantly the premise that a substantial proportion of our foreign aid procurement may have to be offshore procurement, I must reject altogether the
premise that an American industry should be frozen out almost completely while our tax dollars subsidize competitive industries overseas.

Mr. President, I ask unanimous consent that there be printed in the Record, at this point in my remarks, a table prepared by the Office of Statistics and Reports of the International Cooperation Administration, showing the percentage of commodity expenditures which have been made, under its programs in the United States.

(Table ..............................................)

Mr. President, it is apparent from the table that some American industries have been gaining a larger share of the ICA’s procurement dollar, while others, which did a substantial business in the foreign aid procurement program a few years ago, have been losing ground.

The most distressing example is that of the textile industry. In the years 1949-55, a little more than half of the ICA commodity expenditures for textiles went to American textile mills. This was very close to the 50-50 arrangement proposed by the Foreign Relations Committee as the ultimate in offshore procurement. However, the American percentage declined to 24.4 per cent in 1956 and 7.5 per cent in 1957. In 1957, the ICA spent $96,000,000 for textile products, of which only $7,000,000 went to American suppliers.

The picture improved somewhat during the first six months of fiscal 1958, when the American share of textile sales for the foreign assistance program was 13.6 per cent of the total. Still, this leaves almost seven eighths of the business for foreign mills.
Foreign producers also supply the greater share of the iron and steel, chemicals and fertilizers purchased for the foreign aid program.

Mr. President, these are industries which are vital to the security of the United States. In case of wartime mobilization, these are industries which must expand rapidly to supply the needs of the Armed Forces, and to supply urgent needs at home. Any security program which works to the detriment of these industries is a dangerous security program.

My amendment conforms to the spirit of the Committee amendment. It permits a maximum of 50 per cent of any class of commodity to be procured overseas when, in the judgement of the President, such procurement will not unduly damage domestic industry.

At the same time, it improves the Committee amendment by giving it the effect which, I believe, was intended. Instead of lumping all commodities together in one class, it provides a safeguard to prevent the total boycotting of any one class of commodity produced in America.

The immediate beneficiaries, as I have pointed out, would be the textile industry, the iron and steel industry, the chemical industry and the fertilizer industry. Judging by the trend in procurement, it will soon be helpful to the machinery and equipment industry and to the motor vehicle industry. These industries now get slightly more than half of the procurement dollar for their classes of commodities, but have been losing ground.

In the long run, the beneficiaries would include every American.