March 3, 1969

Dear:

Thanks for your communication of recent date. I responded to the Chairman of the Board of Caterpillar Tractor as follows:

Thanks for a copy of your Annual Report for 1968 and for your letter of February 14. When the European and Japanese steel producers submitted memoranda almost identical in nature concerning a voluntary limitation on steel imports for 1969, 1970, and 1971, it appeared as if the State Department had made some progress in this matter, but I discovered on examining the memoranda that they were not quite as appealing as they were made to appear.

Accordingly, I issued a brief statement putting the emphasis on the desirability for voluntary limitations rather than statutory quotas, but unfortunately even when a release is kept quite short the entire text does not always appear in the press. I am glad to see that the New York Times and Wall Street Journal saw fit to print it in its entirety.

I also discussed this matter at considerable length with the President in the course of a session with Congressional leaders on Wednesday morning of this week. I know quite well what his feelings are in the matter and I tried not to get off base, but at the same time recognize the problem and the pressures which are upon us.
Only yesterday, a group of twenty men from the shoe and leather industry came to see me. They were certainly weeping in their beer. The textile people are doing quite the same thing and we are beginning to hear now from other industry and agriculture groups including a large segment of the electronics industry.

Coupled with all this is the proposal now before the European Common Market at the ministerial level to impose an internal tax of $60.00 per metric ton on soybean oil and $30.00 per ton on soybean cake and meal. This is what prompted the Chairman of the Ways and Means Committee to introduce a resolution threatening retaliation. I am of the opinion that what they seek to do in order to ease themselves out from under a $2 billion subsidy to the dairy industry of the common market is to raise the price on oil and meal and thus by attrition liquidate some part of their dairy herds. What some of these countries are doing looks to me like a clear violation of the spirit as in the letter of the general agreement on trade and tariffs which we signed along with others.

As I indicated before, I keep an open mind on all this, but I do recognize the gravity of the problem which is building up and certainly it will not go away. It is probably a very good thing that we get this into the open so that our friends abroad know where we stand and that we do not accept these actions without protest.

Sincerely,

Everett McKinley Dirksen