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TRADE AGREEMENTS EXTENSION ACT OF 1955

APRIL 28 (legislative day, APRIL 25), 1955.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

Together with

MINORITY VIEWS

[To accompany H. R. 1]

The Committee on Finance, to whom was referred the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

H. R. 1 continues for 3 years the trade agreements program initiated in 1934. During the 20 years of its operation United States trade and the trade of the nations with which we have made agreements has expanded and international commercial relations have greatly improved.

The United States has an ever-growing surplus of the products of our farms and factories which must find markets abroad. Other nations need and desire our exports and are eager to negotiate for mutually lower restrictions on trade. The importance of the trade agreements program as a factor for expanded world trade has come to be accepted by the leading free nations of the world.

The President in his speech of April 25, 1955, emphasized the importance of foreign trade to the economy of the United States:

> Trade expands markets for the increased output of our mines, our farms and our factories. In return we obtain essential raw materials and needed products of the farms and factories of others. Likewise, the markets provided here for the products of other free world countries enable them to acquire from us capital equipment and consumer goods essential to their economic development and higher living standards.
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> American agriculture sells abroad from one-fourth to one-third of major crops such as wheat, cotton, and tobacco. Without these export markets there can be, under current conditions, no enduring prosperity for the American farmer.

55006—55——1

American factories and labor likewise have an important stake in foreign trade. Last year this country sold over $9 billion of industrial products abroad. Over 3 million workers—American workers—are directly dependent on exports for their jobs. Jungles the world round are being tamed today by American bulldozers; new mines are being opened by our drills and equipment; fields that have been cultivated by hand for centuries are yielding new harvests to our agricultural machines; our automobiles, trucks and buses are found wherever there are roads; and new industries to employ the teeming millions within the underdeveloped nations are being equipped with our machine tools.

The committee recognizes the need for a planned and well-organized program so that trade expansion can be obtained without serious injury to any segment of our economy. The President also recognized this need in his speech when he said:

The expansion of our foreign trade should proceed on an orderly basis. Reductions in tariffs and other trade barriers, both here and abroad, must be gradual, selective and reciprocal. Changes which would result in the threat of serious injury to industry or general reduction in employment would not strengthen the economy of this country or the free world. The trade measures that I have recommended to the Congress were prepared in recognition of these facts.

The bill as reported by the committee continues the trade agreements program and strengthens the safeguards against serious injury to the country's economy.

SUMMARY

H. R. 1 continues to June 30, 1958, the authority of the President to enter into trade agreements. The present authority (extended by Public Law 464, 83d Cong.) terminates on June 12, 1955. In addition to the extension of the trade-agreements authority, the principal features of H. R. 1 as reported by the committee are as follows:

1. The President would be authorized to negotiate tariff reductions by either of two alternative methods, which may not be used cumulatively.

(*a*) The first method authorizes the President to reduce, by a total of 15 percent, tariff rates existing on January 1, 1955, in stages of not more than 5 percent of such rates in each of the 3 years of the authority;

(*b*) As an alternative the President is authorized to reduce those rates which are higher than 50 percent of the value of an import to a rate not less than 50 percent, in stages of not more than one-third of the reduction in any one year.

The committee desires to emphasize that this authority is subject to all requirements of existing law for full public notice (including a list of products on which concessions might be made by the United States), public hearings, peril-point determinations, and escape-clause procedures (as modified by the committee).

2. In the case of the proposal for a trade agreement announced on November 16, 1954, the bill authorizes the same decreases in rates of duty as are authorized by existing law (50 percent of the rate existing on January 1, 1945), even though the agreement is signed after June 12, 1955.

3. The peril-point and escape-clause sections of the law were amended to make more specific the definition of what constitutes an industry. The escape clause was further amended to make more specific the extent to which imports must affect an industry before injury can be determined.

4. The President is given authority to adjust imports whenever he finds, after investigation, that an article is being imported, in such quantities as to threaten to impair the national security.

5. The President would be required to submit to Congress an annual report on the operation of the trade agreements program. The bill, as reported, would require the Tariff Commission to continue to make the report on the program now being made under Executive order.

6. Reports of the Tariff Commission containing recommendations for escape-clause action are required to be made public upon submission to the President.

AMENDMENTS TO HOUSE BILL

H. R. 1 as passed by the House was amended by the committee as follows:

(1) The House bill specified certain types of general provisions which may be included in a trade agreement and provided that no such provision should be given effect in a manner inconsistent with existing legislation of the United States. The committee deleted this language. The committee also changed the bill so as to make clear that its enactment should not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade (GATT). These changes bring the language of the bill into conformity with that used in prior extensions, and do not change the authority contained in existing law. They were made in the light of the fact that there is a pending House bill (H. R. 5550) authorizing United States membership in the Organization for Trade Cooperation which would administer the General Agreement on Tariffs and Trade.

(2) As passed by the House, the bill provided that rates of duty existing on July 1, 1955, could be reduced by 15 percent. This date has now been changed to January 1, 1955. Thus, the new 15-percent authority would not be applicable in the case of any product whose duty is reduced by 15-percent or more in the negotiations presently going on in Geneva. These negotiations are concerned with a wide range of commodities. Appropriate revisions were made in other sections of the bill to reflect this change in the base date for the 15-percent authority.

(3) The authority to reduce duties by 50-percent of their January 1, 1945, level in the case of articles normally not imported or normally imported in negligible quantities was deleted.

(4) The committee deleted those portions of the bill which authorized the President to round out rates of duty to an extent not exceeding one-half of 1 percent ad valorem, in making changes in rates.

(5) Also deleted was the provision in the House bill providing that the President should avoid to the extent practicable the subdivision of classification categories.

(6) The committee added a provision requiring the Tariff Commission to submit a factual report to the Congress at least yearly on the operation of the trade agreements program.

(7) The committee also added a provision requiring the Tariff Commission to make public immediately, upon transmission to the President, its findings and recommendations in escape-clause proceedings, including any dissenting or separate findings, and to cause a summary to be published in the Federal Register.

74001—56 S. Rept., 84-1, vol. 1——65

(8) The committee added provisions to the House bill relating to the determination of injury for the purpose of escape-clause action and defining "domestic industry" for peril-point determinations and escape-clause cases.

(9) The committee had before it several proposals dealing with specific commodities, namely petroleum, fluorspar, lead, and zinc. In lieu of specific action on each of these the committee adopted an amendment which specifies that the Director of the Office of Defense Mobilization shall report to the President when he has reason to believe that imports of a commodity are entering the United States in such quantities as to threaten to impair the national security; that the President shall cause an immediate investigation to be made if he feels there is reason for such belief; and that the President, if he finds a threat to the national security exists, shall take whatever action is necessary to adjust imports to a level that will not threaten to impair the national security.

The committee believes that this amendment will provide a means for assistance to the various national defense industries which would have been affected by the individual amendments presented.

The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee on Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry. That report states with regard to crude oil imports and residual fuel oil imports:

> An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.
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> Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.
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> The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.
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> In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.
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> The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.
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> The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.
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> In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war.

Although no similar study is presently available for fluorspar or lead and zinc the committee feels that the Director of Defense Mobilization will be cognizant of the serious situation existing in those industries.

Congress can initiate and adopt such legislation as it might deem advisable should the action needed to protect these essential industries not be taken.

One commodity amendment would have changed the tariff classification of hardboard, a commodity which would not be covered by the amendment noted above. The committee, without in any way prejudicing the hardboard amendment did not vote on it because it concerns a matter of tariff classification and might better be taken up separately or in conjunction with some more closely related legislation. The merits of the hardboard amendment were therefore not voted upon.

An amendment was offered by Senator Smathers which would require the State Department to take positive action to protect exports of agricultural products from discriminatory practices engaged in by countries with which the United States has entered into reciprocal trade agreements. The amendment was withdrawn when it was agreed by the committee that it would be more appropriate for a statement to be made in the report expressing the wish of the committee that responsible officials in the executive branch of the Government make a full investigation and take appropriate action.

CHANGES IN EXISTING LAW

H. R. 1, as amended, changes existing law in the following respects:

(1) It extends the period during which the President is authorized to enter into trade agreements from June 12, 1955, until the close of June 30, 1958.

(2) The bill provides for changes in the existing limits on the President's authority to change rates of duty as shown in the following table:

LIMITS ON PRESIDENT'S AUTHORITY TO CHANGE RATES OF DUTY

UNDER PRESENT LAW	UNDER H. R. 1 AS REPORTED BY FINANCE COMMITTEE
1. Duties may be increased by up to 50 percent of the duty existing on January 1, 1945.	1. No change.
2. No transfers of articles may be made between the dutiable and free lists.	2. No change.
3. Any rate may be decreased by up to 50 percent of the duty in existence on January 1, 1945.	3. This authority expires on June 12, 1955, except that under H. R. 1 it may be used in order to give effect to the results of the negotiations, notice of which was published on November 16, 1954.
4. Not in existing law.	4. Authority to reduce rates existing on January 1, 1955, by 15 percent over the 3-year period of the bill (reductions of no more than 5 percent of the January 1, 1955, rate may be made in any one year).
5. Not in existing law.	5. Authority to reduce rates above 50 percent ad valorem down to 50 percent ad valorem (no more than one-third of any such decrease of over 15 percent may be made in any one year).

No part of the authorized 15 percent decrease in duty may become initially effective after June 30, 1958. However, if any part of the decrease has become effective and then the decrease is suspended for a period because of an escape-clause action, the period of time the decrease is not in effect is to be excluded in determining when the 3-year period expires.

(3) Under existing law the President "may" suspend the application of concession rates to the products of countries that discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. The bill as reported provides that the President "shall as soon as practicable" suspend such application in like circumstances.

(4) Under the bill as reported the President is required to submit to Congress an annual report on the trade-agreements program. The report is to contain among other things information on modifications of trade agreements including a report on the inclusion of escape clauses in existing agreements and information relating to agreements entered into. An additional amendment removes the existing requirement that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements.

(5) The annual report to the Congress by the Tariff Commission on the operation of the trade-agreements program now required by Executive order is, under the bill, made a statutory requirement.

(6) The existing escape-clause procedure has been amended to require the Tariff Commission to immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations.

(7) The escape-clause procedure is further amended to require that in the determination of serious injury "increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the (Tariff) Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

(8) Under existing law there is no definition of what constitutes a domestic industry for the purpose of peril-point determinations and escape-clause procedure. The bill as reported in effect defines a domestic industry to mean "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles." It is also provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, "distinguish or separate the respective operations of such business enterprise for the purpose of determining injury."

(9) The law has been amended to give the President authority to take such action as he deems necessary to adjust the imports of any article to a level that will not threaten to impair the national security. Such action may be taken only after the completion of a factual investigation. Responsibility for advising the President when there is reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security is vested in the Director of the Office of Defense Mobilization.

TECHNICAL ANALYSIS OF H. R. 1 AS REPORTED

The first section of the bill provides that the bill when enacted may be cited as the Trade Agreements Extension Act of 1955.

Section 2: This section extends the period during which the President is authorized to enter into foreign trade agreements for an additional period, from June 12, 1955, through June 30, 1958.

Section 3: This section amends section 350 of the Tariff Act of 1930, as amended, which contains the basic authority to enter into and carry out trade agreements.

Subsection (a) of section 350, containing five numbered paragraphs, is set forth in the bill in its proposed amended form.

Paragraph (1) of subsection (a) sets forth the purpose for which the President may enter into trade agreements. The text preceding subparagraph (A) repeats existing law.

Subparagraph (A) of paragraph (1) authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof.

Subparagraph (A) of paragraph (1), as amended by the committee, contains a proviso, stating that the enactment of this bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Subparagraph (A) makes no change in existing law.

Subparagraph (B) of paragraph (1), authorizing the carrying out of trade agreements by proclamation, makes no change in existing law. The authority to carry out trade agreements by proclamation is no broader (and no narrower) than under existing law (the terms of which are identical with the terms of subparagraph (B)).

Paragraph (2) of subsection (a) is divided into subparagraphs (A), (B), (C), and (D).

Subparagraph (A) continues unchanged the present prohibition against increasing any rate of duty to a rate more than 50 percent above the rate existing on January 1, 1945.

Subparagraph (B) continues unchanged the present prohibition against imposing a duty on a duty-free article or exempting from duty a dutiable article.

Subparagraph (C) continues unchanged (with respect to trade agreements entered into before June 12, 1955) the present prohibition against decreasing any rate of duty to a rate lower than 50 percent below the rate existing on January 1, 1945. As noted above, a committee amendment to this subparagraph continues this authority with respect to the negotiations involving Japan now going on in Geneva, notice of which was published on November 16, 1954.

Subparagraph (D) fixes maximum limits on decreases in rates which may be made to carry out trade agreements entered into on or after June 12, 1955. A rate of duty may be reduced under two alternative methods which are set out in clauses (i) and (ii). These alternatives are not cumulative but the President may decrease a rate to the lowest of the rates resulting from application of either of the alternative methods.

Clause (i) authorizes decreases in any rate to 15 percent below the rate existing on January 1, 1955 (that is, to a rate which is 85 percent of the rate existing on January 1, 1955).

Clause (ii) authorizes decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). In the case of articles subject in whole or in part to a specific rate of duty (i. e., 5 cents per pound, or 5 cents per pound plus 20 percent ad valorem), the determination of whether a rate of duty is higher than 50 percent ad valorem, and the determination of a rate equivalent to the 50-percent ad valorem rate to which it may be reduced, will be made by the President on the basis of the value of imports of such products during a period which he finds is representative. In making such determination, the President is to be guided, to the maximum extent practicable, by the standards of valuation for customs purposes contained in section 402 of the Tariff Act of 1930, as the provisions of that section exist during the representative period. The reference to the standards of valuation contained in section 402 of the Tariff Act of 1930 is to make it clear that no action may be taken under the second sentence of this clause which would result in any change in existing rules for determining the basis on which any ad valorem rate of duty is to be assessed. For example, if a rate of 50 percent ad valorem is established pursuant to such second sentence with respect to an article subject to a rate of duty any part of which may be based on American selling price (as defined in sec. 402 (g) of the Tariff Act of 1930), the new rate would be subject to application on the basis of American selling price in the same manner as the ad valorem rate is applied under existing law.

Paragraph (3) of subsection (a), divided into subparagraphs (A), (B), and (C) establishes procedures for giving effect gradually (at intervals of at least a year) to decreases (under the two alternatives in paragraph (2) (D)) in rates made pursuant to agreements entered into on or after June 12, 1955.

Subparagraph (A), except as limited by subparagraphs (B) and (C) of paragraph (3), continues in substance the provision of existing law that the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation.

Subparagraph (B) fixes the time limits within which the decreases in rates authorized by subparagraph (D) of paragraph (2) described above may be made effective. These time limits are as follows: A decrease of no more than 5 percent of the rate existing on January 1, 1955, may become initially effective at one time if the total amount of the decrease is 15 percent or less. If the total amount of the decrease is greater than 15 percent, no more than one-third of the decrease may become initially effective at one time. In the case of either of the two alternatives, no part of the decrease after the first part can become initially effective until the immediately previous part has been in effect for at least 1 year.

Subparagraph (C) provides that (subject to an exception stated in the second sentence of the subparagraph as explained below) no decreases under the first alternative method (the 15-percent decrease authority) may be made effective after the expiration of the 3-year period which begins on July 1, 1955 (that is, after June 30, 1958). The result of this limitation, when applied with the 1-year requirement for each decrease, is that the full 15-percent decrease under the first alternative cannot be made unless the first 5-percent decrease takes effect before July 1, 1956. Subparagraph (C) does not apply to the alternative (the authority to reduce a rate to 50 percent ad

valorem). The exception to the June 30, 1958, deadline in the case of the first alternative method (the 15-percent decrease authority) relates to the situation where, by reason of legislation of the United States or action thereunder, a decrease which had been made by virtue of the exercise of that authority and given effect, and which was thereafter nullified, could be reapplied (and its successive stages, if any, applied), even though the 3-year period extended beyond June 30, 1958. The following illustrates the application of subparagraph (C) in a case where the first decrease takes effect before July 1, 1956:

(1) Assume the following:

(A) The first 5-percent decrease takes effect on April 15, 1956, and remains in effect until the close of November 30, 1956 (a total of 230 days).

(B) On December 1, 1956, the reduced duty is increased as a consequence of an escape-clause action.

(C) The duty resulting as a consequence of the escape-clause action remains in effect through May 31, 1957 (a total of 182 days).

(D) On June 1, 1957, the decreased rate is restored.

(2) Under the facts stated in paragraph (1) above, the 5-percent decrease will not have been in effect for a total period of 1 year until the close of October 13, 1957. Thus, if the second decrease is to become effective it must become effective no earlier than October 14, 1957, and no later than December 29, 1958 (182 days after June 30, 1958). In order to permit the third decrease to become effective, the second decrease must become effective on or before December 29, 1957.

(3) If the second decrease takes effect on October 14, 1957, and remains in effect for 1 year through October 13, 1958, then the third decrease could take effect at any time on or after October 14, 1958, and before December 30, 1958.

Paragraph (4) of subsection (a) provides that trade-agreement concessions shall apply to imports of the goods of all countries, except that the President shall, as soon as practicable, suspend the application of these rates to the products of countries which discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. As under existing law, this provision is subject to section 5 of the Trade Agreements Extension Act of 1951, which requires the President to withdraw benefits of trade-agreement concessions to imports from U. S. S. R. and from any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

Paragraph (5) of subsection (a) authorizes the President to terminate at any time, in whole or in part, any proclamation made pursuant to section 350. This continues a provision of existing law; it has been moved to this separate paragraph solely for reasons of clarity.

Subsection (b) of section 3 of the bill amends existing law to make applicable to products of Cuba the new limits of authority to reduce tariffs. In effect, this would permit maintenance of existing margins of preference with respect to such products.

Subsection (c) of section 3 makes necessary technical amendments to subsection (c) of section 350 to conform with substantive changes in other parts of the bill. It is made clear that the limitations on

increases or decreases in duty relate to rates of duty other than rates of duty which apply to products only by reason of action taken under section 5 of the Trade Agreements Extension Act of 1951.

Subsection (d) of section 3 adds a new subsection (e) to section 350.

Paragraph (1) requires the President to submit to Congress annually a report on the trade-agreements program as recommended by the Commission on Foreign Economic Policy. The report is to contain, among other things, information on modifications of trade agreements, including a report on the incorporation of escape clauses in existing agreements, and information relating to agreements entered into.

Paragraph (2) requires the Tariff Commission to keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements and to submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program. This will require by law the report of the Tariff Commission heretofore made pursuant to Executive order.

Section 4: This section deletes the requirements now in section 6 (b) of the Trade Agreements Extension Act of 1951 that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements. New developments on this score would be covered by the annual report of the President provided for in the new section 350 (e) described above.

Section 5: This section amends the last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951 to require the Tariff Commission, in escape clause actions, to make public immediately its findings and recommendations to the President, including dissenting or separate findings, and to cause a summary of the findings to be published in the Federal Register.

Section 6: This section, added by the committee, amends the escape clause procedure and peril point provisions of the existing law.

Subsection (a) amends subsection (b) of section (7) of the Trade Agreements Extension Act of 1951, containing the criteria for arriving at a determination in escape clause proceedings, by providing that increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

Subsection (b) adds a new subsection (e) to section 7 defining (for the purpose of the peril point and escape clause provisions) the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" to mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. It is further provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

Section 7: This section, also added by the committee, amends section 2 of the act of July 1, 1954 (the 1954 Extension Act) by adding a new subsection as follows:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 350 OF THE TARIFF ACT OF 1930

SEC. 350. (a) *(1)* For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce), by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

[(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

[(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress), or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.]

(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof: Provided, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for

such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign-trade agreement that the President has entered into hereunder.

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) Increasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(B) Transferring any article between the dutiable and free lists.

(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, decreasing (except as provided in subparagraph (C) of this paragraph) any rate of duty below the lowest of the following rates:

(i) The rate 15 per centum below the rate existing on January 1, 1955.

(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 of this Act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (4) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(4) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: Provided, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

(5) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on

December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba [shall in any case be decreased by more than 50 per centum of the rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress)] *shall be decreased—*

(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) (subject to the provisions of subsection (a) (3) (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.

(c) *(1)* As used in this section, the term "duties and other import restrictions" includes [(1)] *(A)* rate and form of import duties and classification of articles, and [(2)] *(B)* limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

(2) For purposes of this section—

(A) Except as provided in subsection (d), the terms "existing on January 1, 1945" and "existing on January 1, 1955" refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

(B) The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the postwar or postemergency rate carried in such agreement or otherwise.

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as "existing on January 1, 1945" for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.

(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into thereunder.

(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.

SECTION 6 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 6. (a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

[On or before January 10, 1952, and every six months thereafter, the President shall report to the Congress on the action taken by him under this subsection.]

SECTION 7 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 7. (a) * * * [Within sixty days, or sooner if the President has taken action under subsection (c) of this section, the Tariff Commission shall transmit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives an exact copy of its report and recommendations to the President.] *The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.*

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. *Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.*

* * * * * * *

(e) As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

ACT OF JULY 1, 1954 (19 U. S. C., SEC. 1352a).

SEC. 2. (a) No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements.

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

INDIVIDUAL VIEWS OF SENATOR GEORGE W. MALONE, OF NEVADA, IN OPPOSITION TO H. R. 1

I oppose H. R. 1 for the following reasons:

1. H. R. 1 broadens and extends an act wrong in principle, disastrous in its effects, and adverse to the national interest, economy, security, and independence.

2. H. R. 1 continues a program which denies to American citizens rights and representation guaranteed them under the Constitution in matters of foreign trade and commerce, and which makes the resources and skills of millions of Americans pawns of international political manipulation.

3. H. R. 1 reaffirms a policy which denies American producers equal access with foreign producers to our own American markets, fosters gross discrimination against important segments of our national life, creates unemployment, and jeopardizes industries, jobs, and investments.

4. H. R. 1 proposes to chain the United States for 3 more years to a global authority, the General Agreement on Tariffs and Trade, or GATT, in which our markets are bartered away in secret on foreign soil by diplomatic underlings of the State Department to the advantage of foreign nations.

5. H. R. 1 is unsound, unfair, uneconomic and incompatible with article I, section 8, of the Constitution of the United States of America.

6. H. R. 1 reenacts the 1934 Trade Agreements Act which has failed in all of its stated objectives during the 21 years of its existence.

7. H. R. 1 perpetuates a plan conceived by a prior administration seeking power over the legislative branch of our Government, and sold to the 73d Congress through irresponsible pledges by the then President that "no sound and important American interest will be injuriously disturbed." Industries not only have been seriously disturbed but severely damaged and partially destroyed. Spokesmen for many of these industries have testified to that effect in hearings on H. R. 1 before the Senate Finance Committee, and have expressed their vigorous opposition to H. R. 1.

8. H. R. 1 repeats the false premise of predecessor acts that the trade-agreements program is "for the purpose of expanding foreign markets for the products of the United States." The program has survived for 21 years only through the artificial trade stimulation of foreign wars, preparations for foreign wars, a continuing war economy induced by threats of further foreign wars; gifts and grants of more than $100 billion to foreign nations financed by the American taxpayers, and through the susceptibility of the Congress to foreign and domestic propaganda linking our giveaway trade and dollars to fears of new foreign wars.

9. H. R. 1 reauthorizes a trade program geared to a war economy only, and which defeats normal international trade relations in times of peace by making such trade a tool of international politics, placing control over exports in the hands of central governments which include not only republics such as ours but monarchies and dictatorships.

10. H. R. 1, like the original Trade Agreements Act of 1934 and subsequent extension acts, grants to the President authority to enter into future international trade agreements of any type, applicable to any products, and subject only to a blanket percentage limitation. In other words, H. R. 1 bestows on the President a blank check to remake the industrial and economic map of the United States.

11. H. R. 1 requires no referral of trade treaties and agreements to the Congress to which the Constitution, article 1, section 8, confers the total responsibility of laying and collecting duties or tariffs and of regulating our trade and commerce with foreign nations. Nor is ratification by a vote of two-thirds of Senate Members present required, as stipulated in article II, section 2, of the Constitution with respect to treaties. The executive branch has chosen to avoid this obligation by labeling trade treaties "trade agreements."

12. H. R. 1, as did its predecessors, permits the President to transfer the authority delegated to him by the Congress to subordinates. Throughout the life of the act and program the Chief Executive has, to all purposes and effects, so redelegated his authority under the act, principally to subordinates in the State Department.

13. H. R. 1, like its predecessor acts, not only permits the President to transfer his delegated powers to subordinates, but permits these subordinates to transfer their authority to GATT, the General Agreement on Tariffs and Trade, which meets in Geneva, Switzerland. Subordinates of the President have so done since 1947, transferring to, and diluting their authority among, the 34 nations now participating in GATT.

14. H. R. 1 in no way precludes the delegation of authority to the President from being passed on by him to subordinates in the State Department, or in any other agency of the executive branch of his choosing. Nor does it preclude the State Department from continuing to pass on its delegated authority to an international GATT. Thus the ultimate delegation is thrice removed from the Congress, to which the Constitution entrusted responsibility for the regulation of foreign commerce. It is thrice removed by the Congress' own hand.

15. H. R. 1 not only continues this delegation thrice removed but broadens it. Unlike its predecessor extension acts, H. R. 1 grants the President direct authority to commit the United States to GATT, to a revised GATT, or to GATT-type international organizations, as witnesses of broad legal experience have testified before the Senate Finance Committee during hearings on H. R. 1. GATT has never been before the Congress for approval or rejection on its merits, but the back door approach to such sanction is being utilized under subsection A of section 3 of H. R. 1.

16. H. R. 1 employs the word "reciprocal" in relation to so-called "concessions" which it infers other nations may make to the United States. Neither word appears in the original 1934 Trade Agreements Act. Both words are inventions to sugar-coat an act which has never been administered with other than one purpose—to cut tariffs on imports to the United States. Other nations have not reciprocated these tariff cuts. Testimony has been offered in Senate Finance Committee hearings that 32 nations favored by cuts in tariffs on products they export to the United States have increased their own tariffs within a recent period. Of 91 trading countries, 68 require import licenses on American products generally, and 9 others on some products

or a total of 77; and 38 require exchange permits. Ten others link exchange permits to import licenses. Only 10 apply no control regulations at all on imports from the United States.

17. H. R. 1 would authorize further tariff reductions on imports to the United States.

18. H. R. 1 unlike any predecessor act, authorizes the President to commit the United States in a trade agreement with one country in behalf of trade concessions by it to a third country. The object of this device which has no relation to our own foreign exports, is to assist Japan.

19. H. R. 1 proposes that the 84th Congress extend the Trade Agreements Act 3 years beyond the present termination date of June 12, 1955, or for more than a year and a half beyond the life of the present Congress. Foreign situations may well change during this period that will increase the adverse effects of the 1934 Trade Agreements Act on American industries and markets. Yet H. R. 1 would commit the 85th Congress and a possible new administration for a year and a half to an obsolete trade-agreements program, subject only to repeal.

20. H. R. 1 would likewise, to all purpose and effect, commit the next Congress and administration for a similar period to the General Agreement on Tariffs and Trade, or GATT, in which our markets are put on a foreign auction block to the advantage of 33 foreign nations and, as has occurred frequently in the past, to the disadvantage of the United States.

21. H. R. 1, while extending the Trade Agreements Act for 3 years, would require the President to submit to the Congress an annual report on the operation of the program. The value of such a report is vague, considering that Congress already has, in derogation of the Constitution, article 1, section 8, delegated to the President complete authority to regulate foreign commerce. The value of such a report is further diminished in view of the fact that GATT sessions are held in secret and its decisions are at times restricted for periods of more than a year. It should be obvious, therefore, that this provision in H. R. 1 is merely "window dressing" to make a bad bill appear more attractive. Public knowledge of our foreign trade needs and problems can come only when the Trade Agreements Act expires and the United States is freed from its present chains to GATT.

22. H. R. 1, in extending the firm life of GATT, is making a European colony out of the United States with respect to trade and commerce, subject not to a king as in pre-Revolution days, but to the governments of 33 foreign states through their representatives in GATT.

23. H. R. 1, by continuing GATT, jeopardizes the Nation's farm program by subjecting our restrictions on imports of certain agricultural commodities and our price-support system to continual attack and negotiation in an international organization in which the United States has one vote. At the ninth session of GATT, held recently in Geneva, Switzerland, GATT was given assurances by the State Department that it will seek to modify provisions of section 22 of the Agriculture Adjustment Act, imposing import quotas on certain products, as "changing circumstances warrant such modification" and will "promptly" terminate them when "circumstances requiring the action no longer exist." Thus H. R. 1 could be used to negate other

legislation passed by the Congress, such as the Agricultural Adjustment Act.

24. H. R. 1 would entangle the Nation's economy, industry, and trade further in an international web which leaves neither Congress nor its victims, the American producers, any recourse other than the so-called "escape clause," which in turn vests sole final authority in the President. Dying industries may apply for relief under the escape clause, but in all the cases filed to date the Chief Executive has granted relief in only five.

25. H. R. 1 would admittedly injure some American industries, according to the Secretary of State who testified before the Senate Finance Committee on March 15, 1955:

> I do not think you can have imports without some damage, and if your rule is that you will not have imports or tariff reductions or sustain them if there is any damage to anybody, then I think it becomes unworkable.

26. H. R. 1 is not a "trade" bill. It is a foreign policy bill. It is a bill to permit the President's subordinates in the State Department to sacrifice industries, jobs and investments in the United States for a presumed advantage to foreign nations if, in the opinion of the State Department, such a sacrifice will implement its foreign policy.

27. H. R. 1 provides the State Department the chips of our domestic economy to use as pawns in its game of international politics. In return for the sacrifice of domestic industries such as coal, textiles, lead, zinc, glassware, and other resources and commodities, the State Department seeks only lip-service good will from nations governed by self-interest. Secretary Dulles' argument for H. R. 1 was on the assumption that it is an instrument of foreign policy and that "international repercussions would be major and their consequences would be grave" if it were tampered with by the Congress, to which sole responsibility for foreign trade regulation is given by the Constitution.

28. H. R. 1 will weaken our defense potential. Further tariff cuts will be authorized on imports of critical and strategic minerals and materials in which this country is self-sufficient. Imports of these materials, many of which are produced in the shadow of the Iron Curtain, will be encouraged, despite the fact that they would be cut off from us completely in time of war. More American mines, vital to our national security but unable to meet low-wage foreign competition, will be closed down and more American miners will be idled. Many of these mines and much of our mining skills will be lost entirely and cannot be restored in time of national emergency.

29. H. R. 1 will compel American workers in manufacturing as well as mining fields to compete for 3 more years in their own American market against foreign products produced at foreign wage rates one-fourth to one-tenth the prevailing wage in the United States for comparable work and skills. Invasion of our markets by the products of this low-wage foreign labor will continue to be actively encouraged by the State Department, intent on encouraging increased competitive imports.

30. H. R. 1 perpetuates in a modified degree the fraud perpetrated by sponsors of the 1934 Trade Agreements Act that it was legislation to benefit "agriculture, industry, mining, and commerce." The act has, instead, worked injury on these segments of our domestic economy. Used as an instrument of foreign policy the program has encouraged and developed foreign agriculture, industry, mining, and

commerce at the expense of our own industries, investors, workingmen, and markets. H. R. 1 extends this wrong.

31. H. R. 1 contains not one word of assurance, hope, or encouragement for the American workingmen or investors in industries producing for the American market. There is not one word guaranteeing any American market or supplier against suffocation by foreign imports. There is not one word in this bill that offers real safeguards from cutrate foreign competition to any American employed in a domestic industry or whose dollars are invested in America. The fact that no assurances in behalf of domestic producers for the domestic market are contained in the bill may explain the many verbal expressions of the administration in this field of discussion. There have been a plethora of verbal assurances, but none of them are embodied in the bill. They are not in the bill because the administration did not want them in the bill and opposes their inclusion.

32. H. R. 1, stripped to its basic purpose, is a bill to cut tariffs on imports at whatever cost to America's welfare, economy, and security.

THE ECONOMIC EFFECTS

The Trade Agreements Act, which H. R. 1 would extend, was sold to the 73d Congress by the then administration "as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic employment and the present economic depression, in increasing the purchasing power of the American public, and in establishing a better relationship among various branches of American agriculture, industry, mining, and commerce." It also was promoted as being "for the purpose of expanding foreign markets for the products of the United States."

Sponsors of H. R. 1 have somewhat modified this extravagant language in the 1934 act. In both instances the State Department has been the chief proponent of the legislation and the original author.

H. R. 1 omits references to unemployment, purchasing power and living standards. It retains the language that it is for the purpose of expanding foreign markets, and also that it is being done as a means of "establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce." It is significant that after 22 years of administration the administrators of the program are still proposing it as a means of establishing such better relationship.

The Trade Agreements Act was approved June 12, 1934. The first agreement, with Cuba, was signed in September of that year. Agreements with Belgium, Sweden, and Haiti became effective in 1935. But it was not until 1936 that trade agreements with important exporting countries became effective. A limited agreement with Canada was concluded, and expanded in 1937. Agreements also became effective during 1936 with Brazil, Columbia, Honduras, the Netherlands, Switzerland, Nicaragua, Guatemala, France, Finland, Costa Rica, and San Salvador.

In 1937, after 16 trade agreements had been concluded, 7,700,000 American workingmen and women were unemployed. In 1938 there were 10,390,000 unemployed, and in 1939 there were 9,030,480 unemployed, a million and a quarter more than in 1931, more than double the number in 1930, and more than 6 times the number who were unemployed in 1929.

Relief from unemployment came with the war boom, not as a result of the Trade Agreements Act which, 5 years after its enactment found 17.2 percent of the Nation's labor force out of work.

In 1947, after 29 bilateral trade agreements had been negotiated, President Truman, on December 16 of that year, proclaimed the General Agreement on Tariffs and Trade in effect as of January 1, 1948, thus substituting multilateral trade treaties for bilateral agreements as envisioned in the 1934 Trade Agreements Act. The President claimed the Trade Agreements Act as authority for this action.

Two million sixty-four thousand Americans were unemployed in 1948, or 3.4 percent of the civilian labor force. One year later, in 1949, 3,395,000 civilian workers were unemployed, or 5.5 percent. In June 1950, the President involved the United States in the Korean conflict and unemployment dropped to 3,142,000 or 5 percent. Unemployment fell to below 2 million in the war years, but returned to 5 percent at the conclusion of active combat. In 1954, according to the Labor Department, 3,230,000 Americans were unemployed.

Agriculture has suffered an even more severe drop in employment, despite the assurances of the Trade Agreements Act. In 1936 the number of Americans employed in agriculture was 10 million. In 1954 the number had been reduced to 6,504,000, the lowest number in 25 years for which statistics have been made available by the Labor Department.

In January 1955, the American labor force, including members of the Armed Forces, totaled 66,700,000. Of this number 3,203,000 were serving in the Armed Forces and 60,150,000 were employed in civilian activities. Agricultural workers had been further reduced in number to 5,297,000. The Labor Department listed 3,347,000 workers in all activities as unemployed, 1,205,000 more than the 2,142,000 in 1947 when President Truman propelled us into the General Agreement on Tariffs and Trade.

Of equal pertinence is the fact that 2 years ago there were 37 distressed areas in the United States; 1 year ago there were 80, and as of March of this year, the latest month on which the Labor Department has reported, there were 156.

These areas and the principal industrial or other source of their economic distress are listed in Senate Report No. 60 of the 84th Congress, and in remarks made by the senior Senator from Nevada on the floor of the Senate on April 18, 1955. At that time he pointed out that coal mining, which is suffering from imports of petroleum products from foreign nations, including the Near East and Indonesia, is the principal industry in 33 distressed areas, while other areas in which lead, zinc, or fluorspar mining is a leading industry also are in distress.

Textile manufacture is the No. 1 industry in 20 distressed areas and the second dominant industry in 5 others. Electrical machinery is the industry most adversely affected by unemployment in 7 distressed areas and among the principal industries affected in 5 others. The chemical industry is suffering unemployment in four areas. All of these industries are being forced to compete against an import flood from low-wage foreign nations.

Unemployment in machinery industries, reflecting injury caused by competitive imports from abroad, has brought distress to 19 areas and contributed to distress in 9 others. Electrical machinery is

manufactured in 13, nonelectrical in 10, and farm machinery in 5. Metal industries are hurt in many areas, and mining, including lead, zinc, and fluorspar; pottery, china and glassware, machine tools, leather products, and lumber are suffering in others.

Bureau of Census records show that in 1954 the United States imported approximately $800 million in textile fibers and manufactures; $350 million in machinery of which $70 million represented farm machinery; a quarter billion dollars worth of chemicals and related products; $1,700 million in metals and manufactures not including machinery and vehicles; $1,200 million in nonmetallic minerals, including more than $825 million in petroleum and petroleum products brought in from foreign lands to compete against America's own fuels industries and workers; a quarter billion dollars in lumber and sawmill products and $100 million in manufactured woods such as plywood, shingles, and veneers.

More than $200 million in meat and dairy products were imported to compete against America's agriculture, dairy, and livestock industries, and imports of fish, shellfish, and fisheries products totaling more than $200 million contributed to the distress of coastal fisheries and fishermen.

Every import of a foreign product that competes with products produced in the United States puts American dollars in pockets of foreign workers and investors, and takes dollars out of the pockets of workers and investors in identical or similar production here.

Every imported product that is competitive against American mined or manufactured goods competes against American producers for America's own markets, and every tariff cut under the Trade Agreements Act and GATT has augmented the advantage of foreign producers in such competition.

The original Trade Agreements Act authorized the President to reduce tariffs 50 percent. Subsequent legislation authorized him to cut remaining tariff rates 50 percent, or a total reduction of 75 percent from 1930 rates. On the overall, a 68-percent reduction has been granted. Actually, the reduction has been greater than that as a result of inflation and dollar devaluation.

H. R. 1 permits further reductions of 5 percent a year for 3 years, a bonus to foreign producers who receive it greater than the dividends paid by many American industries affected by import competition.

This bonus to foreign producers may well add to the distress of the 156 areas scattered among 32 of the 48 States, or create new distressed areas in these or other States.

Of these States Alabama has 7 distressed areas, Arkansas and Connecticut, 1 each; Georgia, 2; Illinois, 4; Indiana, 8; Iowa, 2; Kansas, 1; Kentucky, 11; Maine and Maryland, 1 each; Massachusetts, 8; Michigan, 11; Minnesota, 1; Missouri, 4; New Jersey, 2; New Mexico, 1; New York, 8; North Carolina, 5; Ohio, 9; Oklahoma, 2; Oregon, 1; Pennsylvania, 20; Rhode Island and South Carolina, 1 each; Tennessee, 5; Texas, 1; Vermont, 2; Virginia, 4; Washington, 1; West Virginia, 13; and Wisconsin, 4.

Senators from these States may obtain further information on this by consulting Senate Report No. 60 of the 80th Congress, or the table printed in the Congressional Record of April 1.

Witnesses appearing for many industries testified in specific and concrete terms before the Senate Finance Committee concerning job

cutbacks in their respective industries, caused in whole or in part by import dumping.

No witness presented specific and concrete evidence of any nature concerning increases in employment in any industry resulting from the trade-agreements program. Estimates have been offered from time to time by proponents of reduced tariffs relating to employment in foreign trade, but in every instance they have been general, vague, and not backed up by facts, figures, or evidence.

The employment cutbacks sustained by industry as a result of import competition from low-wage countries reaping the advantage of our open, low-tariff markets are very real, and are supported by statistics.

H. R. 1 will increase unemployment and distress in the United States if it is enacted, and the State Department, the principal proponent of the legislation, knows it.

Perpetuation of a foreign policy which has brought 3 wars in less than 40 years has been placed above the interests and protection of American industries, workers, and investors, and H. R. 1 will enable the State Department to continue this policy.

THE RECORD ON EXPORTS OF FARM COMMODITIES

H. R. 1 will continue a program which has failed its promises to agriculture and which threatens agriculture with grievous injury.

Cotton exports during the 14 years prior to passage of the 1934 Trade Agreements Act averaged more than 7 million bales a year. In the 4 depression years of 1930, 1931, 1932, and 1933, they were 7,048,000, 8,989,000, 8,647,000, and 8,366,000 bales, respectively. During the prewar years following passage of the 1934 Trade Agreements Act they averaged less than 5 million bales a year. Exports from 1946 through 1953, the postwar years, averaged only 4,234,500 bales per year, and in 1952 and 1953 were 3,110,000 and 3,798,000, respectively. The peak export year for cotton was 1926, when 11,281,000 bales were shipped abroad, and the lowest year was 1941, 7 years after passage of the Trade Agreements Act, when only 1,202,000 bales were exported. Pearl Harbor occurred on December 7, 1941, too late to have caused this tremendous drop in exports.

Neither the trade-agreements program, which H. R. 1 would extend, nor GATT, which it would continue, have expanded our cotton export markets.

Tobacco exports during the 14 years prior to the 1934 Trade Agreements Act averaged more than 500 million pounds per year; topped 600 million pounds in 1929, a record that has never subsequently been equaled. Under the trade-agreements program, tobacco exports averaged 369 million pounds per year prior to Pearl Harbor, and averaged 400,043,000 during the war years. They hit their low in 1940, 6 years after passage of the Trade Agreements Act—179,626,000 pounds. Since the war they have averaged slightly less than 480 million pounds per year, or 20 million pounds less than the average for the pre-1934 trade-agreements period.

The Trade Agreements Act has not expanded export markets for tobacco. Whatever effect it may have had at all has been to decrease them.

Butter exports during the 14 years prior to the 1934 Trade Agreements Act averaged 4,777,000 pounds per year. Following passage

of the Trade Agreements Act in 1934 they averaged 2,514,000 pounds per year for the 7-year period, 1935 through 1941.

Butter exports in 1952 and 1953 totaled 387,000 and 521,000 pounds, respectively.

The Trade Agreements Act, which H. R. 1 would extend, has failed to expand our butter export market.

Wheat exports prior to the depression averaged 214,784,000 bushels per year without foreign aid or other forms of surplus disposal abroad. For the 7 years following passage of the 1934 Trade Agreements Act through 1941 they averaged 55,887,000 bushels per year. Since the war wheat exports, including shipments under gifts and grants, have averaged 385,482,000 bushels per year. In 1953 they dropped to 219,359,000 bushels, or approximately the average in the 1930's.

The Department of Agriculture advises us that it has no breakdown distinguishing between exports shipped in the course of normal trade, and those financed in whole or in part through foreign aid or subsidies.

Rye shipments during the 1920's averaged 27,186,000 bushels per year. Both in 1922 and 1925 exports of rye exceeded 50 million bushels. For the 14 years prior to the 1934 Trade Agreements Act, including depression years, they averaged 19,524,000 bushels per year. Following approval of the Trade Agreements Act rye exports averaged 1,231,000 bushels per year. During the war they averaged 2,592,000 bushels per year, and since the war the average per year has been 3,164,000 bushels. In 1952 exports of rye dropped to 320,000 bushels and in 1953 to 7,000 bushels. The Trade Agreements Act of 1934, which H. R. 1 would extend, obviously has not expanded the export market for this agricultural commodity.

Oat exports during the 10 years prior to the depression averaged 17,039,000 bushels per year. During the depression years prior to approval of the Trade Agreements Act they averaged 3,778,000 bushels.

The average for the prewar years from 1934, the year the Trade Agreements Act was passed, through 1941, was 3,872,000 bushels. Since the war oat exports have averaged 12,979,000 bushels per year, with exports declining each year since 1948 to 4,143,000 in 1952 and 3,446,000 in 1953.

The Trade Agreements Act, which H. R. 1 would extend, does not appear to have expanded our oat export market.

Farm commodities subject to quantitative restrictions under section 22 of the Agricultural Adjustment Act are cotton, wheat, oats, rye, rye flour and meal; barley and barley malt; butter, cheese, dried whole milk, dried skimmed milk, dried buttermilk, dried cream, malted milk and compounds; and peanuts. These restrictions are the subject of vigorous action in GATT, and may be jeopardized if GATT is continued. H. R. 1, by continuing the Trade Agreements Act, also continues the authority presumed by the State Department to authorize American participation in the GATT.

Manufactured articles in the United States have no protection from import competition such as quotas or quantitative restrictions. Neither have our domestic mines and mineral resources.

The following table, prepared by the Department of Agriculture, lists the quotas which are applicable to agricultural commodities, and which our continuance in GATT would jeopardize.

TABLE I.—*Commodities currently subject to quantitative restrictions under sec. 22 of the Agricultural Adjustment Act, as amended, including the quota and beginning date of quota year*

Commodity	Unit	Beginning date (1954)	Quota
Cotton:			
Long staple (1⅛-inch and longer but less than 1 11/16-inch)	Pounds	Feb. 1	45,656,420
Short staple (under 1⅛-inch other than harsh or rough)	do	Sept. 20	[1] 14,516,882
Harsh or rough under ¾-inch	do	do	70,000,000
Cotton waste [2]	do	do	[1] 5,482,509
Grains: [3] [4]			
Wheat [4]	Bushels	May 29	800,000
Wheat products [5]	Pounds	do	4,000,000
Oats, hulled, unhulled and unhulled ground	Bushels	Oct. 1	[6] 40,000,000
Rye, rye flour, and meal	Pounds	July 1	[7] 186,000,000
Barley and barley malt	Bushels	Oct. 1	[8] 27,500,000
Dairy products:			
Butter	Pound	July 1	707,000
Cheese:			
Cheddar	do	do	2,780,100
Blue mold	do	do	4,167,000
Edam and Gouda	do	do	4,600,200
Italian [9]	do	do	9,200,100
Dried whole milk	do	do	7,000
Dried skimmed milk	do	do	1,807,000
Dried buttermilk	do	do	496,000
Dried cream	do	do	500
Malted milk and compounds	do	do	6,000
Peanuts:			
Peanuts [10]	do	do	1,709,000
Supplemental quota for period ending June 30, 1955 [11]	do		[12] 51,000,000

[1] Country quotas are prescribed for short-staple cotton and cotton waste.

[2] Card strips made from cotton under 1 3/16 inches, comber waste, lap waste, sliver waste, roving waste; however, not more than 33⅓ percent shall be filled by cotton wastes other than comber waste made from cottons of 1 3/16 inches or more in staple length in the case of certain countries.

[3] Excludes all certified or registered seed approved for planting under the Federal Seed Act.

[4] The quota excludes wheat and flour "unfit for human consumption" or for experimental purposes.

[5] Includes flour, semolina, crushed or cracked, and similar wheat products.

[6] The annual quota of 40 million bushels permits 39,312,000 bushels from Canada and 688,000 pounds from other foreign countries.

[7] Of which not more than 15,000 pounds may be rye flour and rye meal.

[8] Permits not more than 27,225,000 bushels from Canada and not more than 275,000 bushels from other foreign countries. The Canadian Government indicated it will voluntarily limit exports of feed barley to the United States to 35 million bushels during this same period.

[9] Italian-type cheese made from cow's milk including Romano, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz.

[10] Shelled basis, including whether shelled, not shelled, blanched, salted, prepared or preserved (including roasted but not peanut butter).

[11] By Presidential Proclamation an additional quota of 51 million pounds became applicable on March 10 for the quota period ending June 30, 1955.

[12] Shelled basis. Includes peanuts shelled, blanched, salted, prepared or preserved (including roasted peanuts but not including peanuts not shelled or peanut butter).

With respect to the total export picture:

The United States exported 12.9 percent of its production of movable goods in 1921; 9.1 percent in 1923; 10.1 percent in 1925; 9.9 percent in 1927; 9.6 percent in 1929; 7.3 percent in the depression year of 1931; and 6.5 percent in the depression year of 1933. Economic aid for foreign countries at the expense of American taxpayers had not then been invented and all exports were in the normal course of foreign trade and commerce.

In 1935, 1937, and 1939, still without the advantage of American economic or military aid, the United States exported 6.7, 7.5, and 7.5 percent of its total production in movable aid.

In 1941, after lend-lease had been inaugurated, exports totaled 7.9, but of these only 5.8 percent were normal commercial transactions.

Not including exports financed solely by the American taxpayer, exports for the postwar years, beginning in 1946, have amounted to the following percentages of the total production of movable goods in the United States: 4.9, 7.3, 5.4, 4.8, 4.1, 6.2, 5.8, 5.1, and 6. These

percentages were prepared from basic data and with the assistance of the Department of Commerce.

The 1934 Trade Agreements Act has not served to expand foreign markets for the products of the United States.

H. R. 1 AND GATT

H. R. 1, in providing the legislative authority under which the State Department expects to continue United States participation in GATT, contributes to the subordination of the national policy on agriculture commodities to an international organization meeting in foreign lands.

Dispatches from Geneva, Switzerland, on March 7, 1955, reported:

> The 34 member nations of the General Agreement on Tariffs and Trade (GATT) have granted permission for the United States to continue to impose quantitative restrictions on certain agricultural imports. But the members also gave other countries permission to retaliate and seek compensation if affected by the restrictions, which are contained in section 22 of the United States Agricultural Adjustment Act.
>
> This section mainly concerns imports of dairy produce and had led to clashes with several nations in the past. Holland once retaliated by slashing imports of wheat from the United States. The United States is understood to have assured GATT that it will end any restrictions under the act as soon as they are no longer needed and consult with interested countries before taking further action.

Confirmation of this report comes from GATT itself in a release titled:

"Decision to Grant a Waiver to the United States in Connection with Import Restrictions Imposed Under Section 22 of the United States Agricultural Adjustment Act of 1933 as Amended."

Under a subhead: "Conditions and procedures" the document states:

> 1. Upon request of any contracting party which considers that its interests are seriously prejudiced by reason of any import restriction imposed under section 22, whether or not covered by this decision, the United States will promptly undertake a review to determine whether there has been a change in circumstances which would require such restrictions to be modified or terminated. In the event the review shows such a change, the United States will institute an investigation in the manner provided by section 22.
>
> 2. Should the President of the United States acting in pursuance of section 22 cause an investigation to be made to determine whether any existing import restriction should be modified, terminated or extended, or whether restrictions should be imposed on the import of any additional product, the United States will notify the contracting parties and, in accordance with article XXIII of the general agreement, accord to any contracting party which considers that its interests would be prejudiced the fullest notice and opportunity, consistent with the legislative requirements of the United States, for representations and consultation.
>
> 3. The United States will give due consideration to any representations submitted to it including:
>
> (*a*) When investigating whether any existing import restriction should be modified, terminated, or extended, representations that a greater volume of imports than is permitted under the import restriction would not have the effects required to be corrected by section 22, including representations that the volume of imports that would have entered in the absence of governmental agricultural programmes would not have such effects.
>
> (*b*) When investigating with respect to import restrictions on additional products, representations with regard to:
>
> (i) the effect of imports of any product upon any programme or operation undertaken by the United States Department of Agriculture or any agency under its direction, or upon the domestic production of any agricultural commodity or product thereof for which such a programme or operation is

undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programmes will not have the effects required to be corrected by section 22;

(ii) the representative period to be used for the determination of any quota.

(c) Representations by any contracting party that the portion of a total quota allotted or proposed to be allotted to it is inequitable because of circumstances that operated to reduce imports from that contracting party of the product concerned during the past representative period on which such import quota is based.

4. As soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations. If the decision imposes restrictions on additional products or extends or intensifies existing restrictions the notification by the United States will include particulars of such restrictions and the reasons for them regardless of whether the restriction is consistent with the general agreement.

5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form.

6. The contracting parties will make an annual review of any action taken by the United States under this decision. For each such review the United States will furnish a report to the contracting parties showing any modification or removal of restrictions effected since the previous report, the restrictions in effect under section 22 and the reasons why such restrictions (regardless of whether covered by this waiver) continue to be applied and any steps it has taken with a view to a solution of the problem of surpluses of agricultural commodities.

Elsewhere the GATT "decision" states:

(a) To help solve the problem of surpluses of products for which section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crop supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the intention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities.

(b) The assurance of the United States Government that it will discuss proposals under section 22 with all countries having a substantial interest prior to taking action, and will give prompt consideration to any representations made by it.

(c) That it is the intention of the United States Government promptly to terminate any restrictions imposed when it finds that circumstances requiring the action no longer exist, and to modify restrictions whenever changed circumstances warrant such modification.

All of these spineless pledges and commitments, of course, leave the American farmer behind the eight ball and beholden to the whims of his foreign competitors.

The representations, pledges, and commitments reported in this GATT document, relating to legislation passed by the Congress in behalf of the Nation's agriculture industry, were not made by the Congress but by subordinates in the executive branch representing the United States at the GATT sessions in Geneva. The State Department contends that authority for such representation and participation in GATT is given to it in the Trade Agreements Act. H. R. 1 would extend this act and therefore the presumption of this authority by the State Department.

GATT has been assured by United States representatives in Geneva that the United States will end any restrictions under section 22 of the Agricultural Adjustment Act when it is found that "circumstances requiring the action no longer exist." GATT has further been assured that restrictions will be modified "whenever changed circumstances warrant such modification."

Before H. R. 1 is brought to the floor of the Senate the State Department should be subject to an inquiry on the following points:

1. Who is to determine if and when the safeguards under section 22 of the Agricultural Adjustment Act are no longer needed?

2. Who is to weigh the circumstances requiring or not requiring action with respect to quotas on imports of agricultural commodities?

3. Who is presumed to exercise the authority to modify restrictions embodied in legislation passed by the Congress and affecting agriculture, and who is to determine when "changing circumstances warrant such modification"?

H. R. 1, by assuring continuance in GATT, opens the door to international meddling and obstructive tactics in other legislation passed by the Congress, namely the Agricultural Adjustment Act.

Nowhere in the Agricultural Adjustment Act is there provision for scrutiny or "review" of an agricultural program "upon request of any contracting party" to the General Agreement on Tariffs and Trade, meeting in Geneva, Switzerland.

Nowhere does the Agricultural Adjustment Act provide for notifications of foreign countries when investigations are made at the request of a foreign nation or nations "to determine whether any existing import restriction should be modified, terminated, or extended." The modification, termination, or extension of quota provisions in section 22 are legislative matters for congressional determination.

Nowhere does the Agricultural Adjustment Act provide for "representations and consultation" with foreign nations which consider their interests prejudiced by administration of the Agricultural Adjustment Act.

Nowhere does the Agricultural Adjustment Act set up a criteria such as prescribed in paragraph 3 of the GATT "Decision" taking into account the estimated volume of imports, were import restrictions not applied, and the effects on domestic production that unlimited imports might have.

And nowhere does the Agricultural Adjustment Act provide that "as soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations," plus explaining the reasons if restrictions are continued.

The authority to make the commitments made by the State Department to GATT is not embodied in the Agricultural Adjustment Act, section 22. The authority to make the commitments it has made is assumed by the State Department to grow out of the Trade Agreements Act, which H. R. 1 would extend to June 12, 1958.

The 1934 Trade Agreements Act has therefore superimposed an international coalition of 34 nations, including Communist Czechoslovakia, over not only agriculture and industry in the United States, but also over the powers and responsibilities of the Congress, as provided in article I, section 8, of the Constitution.

GATT falls or survives, insofar as American participation is concerned, depending on whether H. R. 1 is approved or rejected.

If H. R. 1 is approved GATT continues to meddle in our domestic economy and, by implication at least, in our legislative processes.

If H. R. 1 is rejected, the United States will be free of GATT strictures, control, and interference.

GATT has never been submitted to the Congress for rejection or approval, and the substantive provisions of GATT never are to be submitted according to the present thinking of the State Department.

But GATT is inextricably bound to H. R. 1 which would continue the Trade Agreements Act, the only substance on which any authority of GATT over the Nation's trade, tariffs, and economy is based.

Because the shadow of GATT hangs over H. R. 1, and is a dominant motivation for continuance of the 1934 trade agreements program, it is important in the consideration of H. R. 1 to discuss its origins and background.

GATT sessions are secret. They are held invariably on foreign soil. Information concerning actions and deliberation is scanty and released only through official sources. The author of these views is in possession of a document listing 24 decisions and resolutions, 3 declarations and 1 recommendation by GATT between February 1954 and March 10, 1955, involving the United States and 16 other countries including Czechoslovakia.

The document is marked "Restricted," and a note attached reads as follows:

> Although it is not definitive as yet, it is expected that this document may be derestricted as of May 1, 1955.

No information bearing on the national security of any nation is contained, and at least one decision has been made public by the State Department. The "restricted" document deals only with trade, finance matters, and investment, actions which should be public knowledge to the workers and investors of America.

In the opinion of the author of these minority views the only purpose of the restriction is to conceal information from the public and possibly from the legislative bodies of the various nations until such time as GATT deems it appropriate to inform them.

GATT and the 1934 trade agreements program have been welded together since 1947. The Trade Agreements Act was passed in 1934. The Trade Agreements Act delegated to the President power to enter into trade pacts with foreign nations, the type of agreements contemplated being bilateral. Prior to entry into GATT by Presidential proclamation on December 16, 1947, bilateral trade treaties had been negotiated with 29 foreign countries, of which 27 treaties were still active.

THE ORIGINS OF GATT

GATT, however, had been in contemplation for several years. As early as December 22, 1941, an Advisory Committee on Postwar Foreign Policy was set up, with subcommittees on "economic policy" and "economic reconstruction." This was replaced on April 9, 1943, by a "Committee on Postwar Foreign Economic Policy."

This committee set up special committees to consider various phases of postwar foreign economic policy. Dean Acheson, then Assistant Secretary of State was given "general supervision" of "Shipping, relaxation of trade barriers, commodity agreements and methods of trade, private monopolies and cartels, food and agricultural products, metals and heavy industries, petroleum, and rubber."

On November 23, 1944, Mr. Acheson announced the Department's intention "to seek an early understanding with the leading trading nations, indeed as many nations as possible, for the effective and

substantial reduction of all kinds of barriers to trade," adding that "a trade conference of the United and Associated Nations should be held at the earliest practicable date for the negotiation of an agreement for the reduction of all kinds of barriers to trade."

"This agreement," he continued, "would of course be submitted to the Congress for its consideration," an assurance that has never been borne out since the evolvement of the General Agreement on Tariffs and Trade, or GATT.

Among those serving on the Special Committee on Relaxation of Trade Barriers was Harry Dexter White. Alger Hiss served on the Special Committee on Petroleum.

Earlier, on April 5, 1944, President Roosevelt created an Executive Committee on Economic Foreign Policy, with Acheson, White, and Lauchlin Currie of the Executive Office of the President as initial members.

An additional committee established in this period was an Interdivisional Committee on Problems of Overall Economic Organization, with Mr. Charles P. Taft, then Director of the Office of Wartime Economic Matters, State Department, as Chairman. The Committee served during the spring of 1944 within the Department's preparatory function, and was specifically concerned with the possible establishment of "the international commission of technical experts in the economic field," to quote the State Department.

It was also concerned—

the State Department adds—

with the formulation of proposals for permanent economic organization to accompany those being developed in the political field for the maintenance of peace and security.

However, it was the executive committee created April 5, 1944, which submitted the document "Proposals for the Expansion of World Trade and Employment" which was the forerunner of GATT. Harry Dexter White, V. Frank Coe, and Harold Glasser were among those who participated in preparation of this document, representing the Treasury Department.

"Proposals" called for setting up ITO. On December 15, 1945, the executive branch announced that it was following up the document by inviting 15 other countries, including the Soviet Union and Czechoslovakia, to prepare projects for consideration at an international conference on trade and employment.

In February 1946, the Economic and Social Council of the United Nations, on motion of the United States, undertook to sponsor such a conference, setting up a preparatory committee to arrange for a conference to be held in London in October 1946. V. Frank Coe, Harold Glasser, and Victor Perlo of the Treasury Department were members of this preparatory committee.

The preparatory committee recommended procedures for carrying through the negotiations in such a way as to give effect, according to Tariff Commission Report 160, "to certain provisions of the charter of the International Trade Organization by means of a General Agreement on Tariffs and Trade."

Tariff negotiations were conducted at Geneva from April to October 1947, as part of the second session of the preparatory committee for a United Nations Conference on Trade and Employment. GATT

was born at this Geneva session, and included many provisions identical with those of a Geneva draft of a proposed charter for an International Trade Organization.

Representatives of 56 nations met in Habana, Cuba, in the late fall of 1947 and early spring of 1948, there drafting a Habana charter for an International Trade Organization. The first formal session of GATT was held at Habana at the conclusion of the ITO sessions, but meanwhile, on December 16, 1947, President Truman proclaimed that GATT would be placed in effect by the United States as of January 1, 1948. Other nations entering GATT at that time were Belgium, Canada, Cuba, France, Luxembourg, the Netherlands, and the United Kingdom.

ITO was submitted to the Congress in 1949 but was not reported out by committees of either the House or Senate. GATT has not been submitted to the Congress. GATT, however, included provisions identical with or similar to provisions in the ITO Charter. Similarity or duplication between ITO and GATT provisions is spelled out in hearings before the Senate Finance Committee held February 17 through 23, 1949.

Thus GATT survives although its twin, ITO, was still-born, and it survives because the State Department preferred to withhold it from Congress after ITO was scuttled, basing their participation in GATT on the Trade Agreements Act. Even at this late date, the State Department declines to lay the substantive provisions of GATT before the Congress.

The State Department has agreed, however, to submit to the Congress a new international trade organization to be called the Organization for Trade Cooperation. OTC contains clauses and language similar to provisions and language in the ITO Charter, which the Congress declined to approve. OTC also is prefaced with what it refers to as "objectives" which to all intents and purposes duplicate the "objectives" of the Habana charter for ITO. The purported purpose of OTC is to supervise GATT.

Rejection of H. R. 1 will end the controversy over GATT. It will also end the authority under which the executive branch presumes to participate in GATT. Withdrawal from GATT is essential to the restoration of our commercial and economic independence.

THE CONSTITUTIONALITY QUESTION

GATT's powers over the Nation's trade and economy, which H. R. 1 would continue, are being challeneged at the present time in the United States courts as unconstitutional.

The Glassware Guild, Inc., of Morgantown, W. Va., which has been seriously injured by imports of glassware from foreign countries, including several Communist countries behind the Iron Curtain, is plaintiff in the suit.

The complaint contends that GATT and GATT-prescribed tariff rates and duties are "illegal, unlawful, and of no effect," and are "violative of the supreme taxing authority of Congress, the treaty-making powers of Congress, and the Foreign-commerce regulating authority of Congress."

Plaintiff further alleges that GATT is an "unconstitutional and unlawful attempt by the President to exercise power and authority not

delegated to him in the Federal Constitution for the purpose of limiting certain powers delegated exclusively to Congress and transferring said powers to an international administrative agency neither recognized by the Congress nor approved by the people's elected representatives."

The suit is now pending before the Federal courts, and a decision on it when made will have far-reaching importance on industries throughout the United States subject to foreign competition or facing the threat of foreign competition.

Congress should withhold action on H. R. 1 until the Supreme Court has rendered an ultimate decision in this case.

Constitutionality of the 1934 Trade Agreements Act likewise is challenged in this suit, and for the first time since the Trade Agreements Act was enacted.

However, constitutionality of the act has been seriously questioned since its inception.

In the 73d Congress, 10 of the 23 members of the Ways and Means Committee termed the trade agreements bill "unconstitutional" and "un-American." Their reasons for this view are set forth in House Report No. 1000 of the 73d Congress. However the act was passed, proponents arguing that it was an emergency measure of temporary duration.

The minority contended that the bill "delegates to the President's discretionary legislative power in tariffmaking and thereby provides for an unconstitutional delegation of the supreme taxing power of Congress contrary to * * * fundamental provisions of the Constitution."

It cited article I, section 1, of the Constitution providing that all legislative powers therein granted shall be vested in the Congress; section 8 providing that Congress shall have power to "lay and collect taxes, duties, imposts, and excises," and to "regulate commerce with foreign nations," and article II, lodging the executive power of the Government in the President, and the judicial power in the Supreme Court.

The minority report also stated correctly that the Supreme Court has many times held that, under this division of powers, it is a breach of the Constitution for Congress to delegate its legislative powers to the Executive. It also pointed out that the 1934 trade agreements bill constituted an unprecedented delegation of authority, and cited numerous Supreme Court decisions to prove it unprecedented.

Subsequent to enactment of the Trade Agreements Act the Supreme Court also held delegation by Congress of legislative powers to the executive branch to be unconstitutional in several notable decisions, among them that in *Panama Refining Co.* v. *Ryan* (293 U. S. 388, 421), and *Schechter Poultry Corp.* v. *U. S.*, the famous NIRA or Blue Eagle case (295 U. S. 495, 529).

The Supreme Court ruled that "the Congress manifestly is not permitted to abdicate, or to transfer to others, the essential legislative functions with which it is thus vested."

The Congress may authorize administrative officers, or the President, to fill in the details of legislation, but in so doing the Congress must fix a primary standard to guide the administrative officers in carrying out the details of a law.

The limit to which Congress may go in delegating legislative making powers to the executive is set out in *Schechter Poultry Corp.* v. *U. S.*:

Congress cannot delegate legislative power to the President to exercise an unfettered discretion.

Possibly the latest expression on this constitutional question comes from Chief Judge John J. Parker, of the Fourth United States Circuit Court of Appeals who said in the case of *U. S.* v. *Guy W. Capps, Inc.*, decided April 15, 1953, in that court:

* * * while the President has certain inherent powers under the Constitution such as the power pertaining to his position as Commander in Chief of the Army and Navy and the power necessary to see that the laws are faithfully executed, the power to regulate interstate and foreign commerce is not among the powers incident to the Presidential office, but is expressly vested by the Constitution in the Congress.

Further in his decision Judge Parker cited the Supreme Court decision in the steel seizure case of *Youngstown Sheet & Tube Co.* v. *Sawyer*, in which the Court stated:

In the framework of our Constitution, the President's power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker. The Constitution limits his functions in the lawmaking process to the recommending of laws he thinks wise and the vetoing of laws he thinks bad. The first section of the first article says that "all legislative powers herein granted shall be vested in a Congress of the United States."

Further in his decision, Judge Parker said:

Imports from a foreign country are foreign commerce subject to regulation, so far as this country is concerned, by Congress alone.

Today GATT regulates our foreign commerce, and H. R. 1 would underwrite GATT's operations for 3 more years. The question then, is whether the Trade Agreements Act of 1934, and H. R. 1 violate the Constitution.

The Trade Agreements Act of 1934 attempts to delegate to the President, to exercise in his absolute discretion, all of the legislative authority possessed by Congress in article I, section 8, of the Constitution. The only limitation on this total delegation in the original act is a provision that existing duties might not be varied more than 50 percent, and the only limitations in H. R. 1 are percentage limitations.

As stated earlier in these minority views, the authority which the Congress attempted to delegate in the Trade Agreements Act, has been to all effects redelegated to the State Department, which in turn had redelegated much of it to GATT, an international organization in no way regulated by or answerable to the Congress.

There is no thought or wish on the part of the signer of these individual views of attempting to prejudge the decision of the Federal courts or the Supreme Court in this important litigation. Nor should there be a wish or attempt by the majority of the Senate Finance Committee or of the Senate to in effect prejudge the decision by action on H. R. 1 prior to a determination by the Supreme Court of the constitutionality of the 1934 Trade Agreements Act, and on the constitutionality of executive branch acceptance of rules and rates laid down by GATT.

The question of constitutionality certainly should be resolved before any action is taken on this legislation in the United States Senate.

THE FICTION OF "RECIPROCAL TRADE"

H. R. 1 would extend a trade program that is not "reciprocal," never has been reciprocal, and never was intended to be reciprocal. No reciprocity has ever been achieved, either through the bilateral trade-agreements program of 1934 to 1947, or the multilateral program since 1947 under GATT. There is no reciprocity in GATT and none is intended.

Testimony was presented to the Senate Finance Committee during hearings on H. R. 1 that the following countries have recently increased tariff rates:

Australia, Belgium, Bolivia, Brazil, Ceylon, Costa Rica, Cuba, Denmark, Dominican Republic, Egypt, Ecuador, Finland, France, Guatemala, Haiti, India, Ireland, Israel, Italy, Jordan, Lebanon, Mexico, New Zealand, Norway, Peru, Sweden, Syria, Thailand, Union of South Africa, United Kingdom, Uruguay, and West Germany.

The United States has trade agreements with Australia, Belgium, Brazil, Ceylon, Cuba, Denmark, Dominican Republic, Finland, France, Haiti, India, Italy, New Zealand, Norway, Peru, Sweden, Union of South Africa, Guatemala, United Kingdom, and Uruguay, and all of them except Guatemala are covered by trade agreements made through GATT.

In contrast to tariff increases made by these nations the United States has decreased tariff rates 68 percent since 1937, and more than 55 percent of our imported commodities enter free from any duties at all.

This fact was confirmed by the Committee for Economic Development in November of last year. In a United States tariff policy statement the committee said:

> Only a part of our imports are subject to tariffs or import restrictions.
>
> Of the total annual imports of approximately $10.8 billion in 1951, some $6 billion consisted of products which enter free of duty or quota restrictions.
>
> The rest—some $4.8 billion annually—were subject to tariff duty or import quotas.
>
> This $4.8 billion included some $2.5 of finished or semifinished manufactures, $1.8 billion of them agricultural products, and $500 million of metals and minerals. Of this $4.8 billion of imports, however, only about $3 billion were subject to import quotas or to tariffs sufficiently high to have an appreciable effect on the volume of imports. This $3 billion consisted for the most part of agricultural products and finished manufactures.

Tariffs in nearly every trading nation of the world are higher than those in the United States. Examples of foreign tariff rates include:

Cotton manufactures: United Kingdom, 15 to 30 percent; Germany, up to 30 percent; Italy, 15 to 25 percent; Indonesia, 18 to 30 percent; Canada, 15 to 27½ percent.

Synthetic textiles: France, 20 to 35 percent; Italy, 25 percent; Norway, 22 percent; Belgium, 24 percent, and India, 50 percent.

Grains: France, 15 to 30 percent; Germany, 15 to 20 percent; Italy, 25 to 30 percent; Sweden, 10 to 15 percent.

Machinery: Britain, 10 to 25 percent, when it can be imported at all, and which, as will be presently shown, is rarely permitted to be imported and is subject to other types of restrictive barriers; France, up to 30 percent; Italy, 5 to 40 percent; and Japan, 15 to 30 percent.

Automobiles: India, 63 percent; United Kingdom, 33⅓ percent; Japan, 30 to 40 percent; France, 15 to 30 percent.

In addition to tariffs most of the trading countries impose restrictions and controls by which they limit or ban the import of United States goods into their markets.

THE FOREIGN BARRIERS TO AMERICAN TRADE

These barriers include manipulated currencies and currency shutoffs, import licenses, quotas and cartels, empire preference curbs, and exchange permits.

The United Kingdom, principal beneficiary of American aid, and a major beneficiary of United States trade concessions, bars many American-made products from its markets entirely and imposes rigid restrictions on all others except a few raw materials and foodstuffs.

The British rule in general is that no American manufactures, such as machinery, may be imported into England if such products are being made at all in the United Kingdom. Import licenses are denied for all such imports except "token" shipments on a very few commodities.

Britain grants preferential tariff rates, mainly free, to products of the British Commonwealth shipped or consigned directly to the United Kingdom, but these preferential rates in no case apply to products of the United States. American products pay the highest rate or are banned entirely.

Import duties are payable in British currency, and the rate of exchange for the conversion of foreign values is the current selling rate in the United Kingdom. By devaluating the pound, as it has done in the past, Britain can automatically raise its barriers to United States trade.

As of February 14, 1953, the Department of Commerce advised; with respect to British trade barriers and restrictions:

1. Licensing and exchange controls are maintained on about half of dollar imports, while over 80 percent of trade with European countries is free from any restriction. Quotas are set for some key dollar products.

2. Licenses covering dollar products are usually granted only for goods considered essential to the domestic (i. e., British) economy, and which are not alternatively obtainable from domestic or soft currency sources.

3. The British Government announced in late June 1954 that it would give "more favorable" consideration from then on to applications for licenses to import dollar machinery provided the machinery in question would reduce cost, and provided no nondollar alternatives were available.

In other words, if Britain could get machinery from any other country than the United States, import licenses would be denied for the importation of machinery from this dollar country.

Britain has sold millions of dollars worth of machinery to the United States for use in Government projects in America, paid for by the American taxpayers. Similar American products are barred from England.

"Britain industrial output index reaches highest point on record," the United States Department of Commerce reported on January 3, 1955. "Unemployment amounted to only 1 percent of the labor force," it adds.

England has achieved this record not through reciprocal trade but through protection, high tariffs, curbs on imports of American products, manipulation of exchanges, and gift dollars and contracts from the United States paid for by American taxpayers.

H. R. 1 would further benefit the United Kingdom by reducing tariffs on her products at further cost to American taxpayers, workingmen, and investors.

As a gesture toward the United States, possibly in its bid for reduced tariffs here and extension of the trade agreements program, Great Britain did, some months ago, agree to admit 650 American-made automobiles "on trial," the imports subject, of course, to British duties and taxes bringing the price of an American Chevrolet to approximately $6,000.

This was obviously a propaganda gesture. Britain, during 1954, exported 25,889 new cars valued at $34,147,665 to the United States, and used cars and parts totaling another $2.5 million in value. The tariff rate on automobiles imported into the United States from Britain is 10 percent. The British rate, excluding taxes and other charges, on cars imported from the United States is 33⅓ percent. On cars imported from British Commonwealth countries it is 22⅔ percent.

British leaders, such as R. A. Butler, Chancellor of the Exchequer, have been ardent proponents of reduced tariff barriers for the United States, while raising prohibitive trade barriers against American products reaching the British Isles.

The British are not alone. Of the 33 foreign nations in GATT, 26 impose barriers on imports from the United States by requiring import licenses to be obtained by prospective importers of American goods. As the Department of Commerce puts it:

> These regulations (import licenses and exchange permits) apply primarily to goods of United States origin and to other goods payable in United States dollars.

GATT members employing these barriers against United States trade after 22 years of concessions by the United States are—

Australia, Austria, Belgium, Brazil, Ceylon, Chile, Czechoslovakia, Denmark, Finland, France, Federal Government of Germany, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Rhodesia and Nyasaland, Turkey, Union of South Africa, United Kingdom, and Uruguay.

Exchange permits also are required in many of these countries, either as separate documents or combined with the import license.

Countries not members of GATT which require import licenses or exchange permits, or both, on imports from the United States, after 22 years of trade concessions made to them under the trade agreements program which H. R. 1 would extend, are—

Anglo-Egyptian Sudan; Aden, Bahrein, Qatar, and Trucial Oman on the Arabian Peninsula; Argentina, the Belgian Congo, Bolivia, British Colonies, Bulgaria, Cambodia, Colombia, Costa Rica, Ecuador, Egypt, Ethiopia, French overseas territories, East Germany, Hashemite Jordan, Hong Kong, Hungary, Iceland, Iran, Iraq, Ireland, Israel, Japan, Korea, Laos, Lebanon, Federation of Malaya, Mexico, Morocco, (French zone) and Morocco (Spanish zone), Netherlands West Indies, Paraguay, Poland, Portugal, Portugese colonies, Rumania, Singapore, Spain, Spanish colonies, Surinam, Switzerland, Syria, Formosa, Thailand, U. S. S. R., and Vietnam.

Countries which have neither import licenses nor exchange permits, or in which such restrictive devices and controls apply only to some commodities, are Saudi Arabia, Kuwait, Muscat, Oman, and Yemen on the Arabian peninsula, Canada (except for a few commodities); Cuba (excepting wheat, flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk and butter); El Salvador, French Somaliland, Greece (excepting luxury items); Guatemala, Haiti, Honduras, Liberia, Panama (excepting commodities under quotas); Tangier, Peru, the Philippines, Sweden (except automobiles, coal, and certain agricultural products); Venezuela (except approximately 25 tariff or quota items), and Yugoslavia, which licenses firms to carry on its import business instead.

Thus it is obvious that most of the trading nations of the world, whether or not they are members of GATT, have erected barriers against products of the United States, and have erected them since the 1934 Trade Agreements Act, which H. R. 1 would continue, came into operation.

While America has reduced tariffs to low and ineffectual levels, other nations have imposed devices with which they can and do shut out American products entirely.

Their program appears: Free trade for the United States; protection for the rest of the world, excepting such remote and impoverished areas as Yemen, French Somaliland, and Tangier.

The Trade Agreements Act, by the record, has not expanded America's exports markets. The markets have, in fact, been reduced during the 22 years the act has been on our statute books.

The Trade Agreements Act has not achieved concessions to balance the increasing restrictions and bans placed by foreign nations.

The Trade Agreements Act is in no way reciprocal.

It is an act to increase imports of foreign products from low-wage, low-living standard nations, not one of which pays wages one-third as high as those in the United States, and some of which pay wages one-ninth of ours.

H. R. 1 will extend the Trade Agreements Act, and for that reason, it, too, is a bill to increase imports at the expense of the American workingman, investor, and taxpayer.

GATT, which H. R. 1 would continue regardless of whether it ever comes before the Congress, is not reciprocal. It is discriminatory against the United States and any other country which may achieve a favorable balance of payments in its foreign trade.

GATT imposes high-sounding rules to apply to prospering nations; nullifies them with respect to any and all nations which presently are not enjoying equal prosperity.

GATT proposes under article XI that no restrictions other "than duties, taxes, or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory."

Article XII, however, grants exceptions to this rule to any GATT member which wishes to "safeguard its external financial position and balance of payments." Such countries may "restrict the quantity or value of merchandise permitted to be imported."

As the State Department puts it: "Notwithstanding the general rule against the use of import restrictions in article XI, this article

permits a contracting party to impose import restrictions to safeguard its external financial position and balance of payments; that is, to forestall the imminent threat of a serious decline in its monetary reserves, or, if the country has very low reserves, to achieve a reasonable rate of increase in its reserves."

Article XIV and article XX contain other exceptions.

In other words, GATT imposes rules on the United States and what few other GATT members may enjoy a favorable balance of payments, but lifts them on any members who can, through manipulation of exchanges or otherwise, claim an unfavorable balance of payments, or even profess a threat to a decline in their monetary reserves.

Such countries may also continue, or apply, discriminatory restrictions when they affect only "a small part of a country's trade and the benefits derived by the country substantially outweigh any injury to another country"; when they are to assist a country "whose economy has been disrupted by war"; when they are applied by countries having a common quota in the International Monetary Fund; when they are equivalent to restrictions authorized by the "scarce currency" provisions of the fund agreement; and when they are applied "under specific preferential arrangements existing in the United Kingdom."

Every member of GATT except the United States and possibly Canada thus have an "out" to continue restrictions, controls, and preferential arrangements, and as listed earlier in this report most of the GATT members are applying them.

The United States, enjoying a high standard of living and maintaining high production levels, is the victim of GATT's rules, and will continue to be the victim until our economy is reduced to a "scant currency" and adverse payments balance basis, so long as the Trade Agreements Act remains in force.

H. R. 1 in extending the Trade Agreements Act for 3 more years will extend the life of GATT for 3 more years. Rejection of H. R. 1 will mean the death of GATT, and the end of this international control over the Nation's economy and international restrictions against America's export trade.

Rejection of H. R. 1 by the Congress will remove control over our foreign commerce, duties, and tariffs from an international aggregation of 33 foreign nations and the United States which meets in foreign lands, and in which the foreign nations have rigged the rules to our disadvantage.

Rejection of H. R. 1 will restore the regulation of tariffs and the foreign commerce to the Congress, as provided by the Constitution, article I, section 8.

Rejection of H. R. 1 will liberate the Nation from GATT and restore our national economic independence.

WHO H. R. 1 WILL BENEFIT

H. R. 1 will help the foreign producer and work injury on the American producer here at home.

The foreign producer, as William McKinley told the 50th Congress, "has no right or claim to equality with our own. He is not amenable to our laws. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal

obligations. He contributes nothing to the support, the progress and the glory of the Nation."

GATT grants the foreign producer not equality, but superiority over his American competitor.

H. R. 1 will enable GATT to continue that discrimination, and will continue the subservience of our National Government to an international authority sitting in Geneva, in which no American producer has a voice, and over which the Congress has no vestige of control.

For the above reasons; for the reason that my home State of Nevada and the States of California, Utah, and Idaho have passed resolutions opposing H. R. 1, and for the reasons advanced by the many industry and labor organizations, spokesmen and leaders who have testified before the Senate Finance Committee or have written or telegraphed me in opposition to H. R. 1, I oppose H. R. 1 and any extension of the 1934 Trade Agreements Act.

I do so with the full conviction that the continuation of the act by H. R. 1 is adverse to the interests of the United States, its industries, and its people.

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