

TRADE AGREEMENTS EXTENSION ACT OF 1953

JUNE 26 (legislative day, JUNE 8), 1953.—Ordered to be printed

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

REPORT

[To accompany H. R. 5495]

The Committee on Finance, to whom was referred the bill (H. R. 5495) 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, report favorably thereon with amendments and recommend that the bill do pass.

PURPOSES

The purposes of H. R. 5495 as reported are:

1. As requested by the President, to extend until June 12, 1954, the authority of the President under section 350 of the Tariff Act of 1930, as amended, to enter into trade agreements.
2. To reduce from 1 year to 9 months the period within which the Tariff Commission must make its investigation and report on applications for relief under the escape clause.
3. To provide for action in case of tie or split votes, within the United States Tariff Commission.
4. To establish a bipartisan commission to be known as the Commission on Foreign Economic Policy which will provide the mechanism for a thorough examination of international trade and its relationship to our foreign economic policy. This study is to be made available to the Congress and the President.

AMENDMENTS

The Finance Committee did not agree with the section of the House bill (title II, sec. 201) which would increase the membership of the Tariff Commission from 6 to 7. In lieu of this provision, the committee approved an amendment which would prevent tie votes in the

Commission from blocking the submission of findings or recommendations to the President in any case where the President is authorized to receive such findings or recommendations. (See analysis under "General statement.")

With the exception of the above, the Finance Committee in general accepted the salient features of the bill H. R. 5495. In the title providing for a commission to study and report on features of our foreign economic policy, several changes were made. One would make it possible for any 9 of the 17 members of the Commission to constitute a quorum, rather than the requirement that a specified number from each of the 3 groups of members be present to make up a quorum. The other important change was in the language of the section establishing the duties of the Commission. Both of these changes are explained in full under the heading "General statement."

GENERAL STATEMENT

One-year extension (title I, sec. 101)

H. R. 5495 would extend for 1 year, until June 12, 1954, the authority of the President under section 350 of the Tariff Act of 1930, as amended, to enter into trade agreements. The importance of this extension is emphasized in the following message sent to the Congress by the President of the United States on April 7, 1953:

To the Congress of the United States:

In my state of the Union message I recommended that "the Congress take the Reciprocal Trade Agreements Act under immediate study and extend it by appropriate legislation."

I now recommend that the present act be renewed for the period of 1 year.

I propose this action as an interim measure. As such, it will allow for the temporary continuation of our present trade program pending completion of a thorough and comprehensive reexamination of the economic foreign policy of the United States.

I believe that such a reexamination is imperative in order to develop more effective solutions to the international economic problems today confronting the United States and its partners in the community of free nations. It is my intention that the executive branch shall consult with the Congress in developing recommendations based upon the studies that will be made.

Our trade policy is only one part, although a vital part, of a larger problem. This problem embraces the need to develop, through cooperative action among the free nations, a strong and self-supporting economic system capable of providing both the military strength to deter aggression and the rising productivity that can improve living standards.

No feature of American policy is more important in this respect than the course which we set in our economic relations with other nations. The long-term economic stability of the whole free world and the overriding question of world peace will be heavily influenced by the wisdom of our decisions. As for the United States itself, its security is fully as dependent upon the economic health and stability of the other free nations as upon their adequate military strength.

The problem is far from simple. It is a complex of many features of our foreign and domestic programs. Our domestic economic policies cast their shadows upon nations far beyond our borders. Conversely, our foreign economic policy has a direct impact upon our domestic economy. We must make a careful study of these intricate relationships in order that we may chart a sound course for the Nation.

The building of a productive and strong economic system within the free world—one in which each country may better sustain itself through its own efforts—will require action by other governments, as well as by the United States, over a wide range of economic activities. These must include adoption of sound internal policies, creation of conditions fostering international invest-

ment, assistance to underdeveloped areas, progress toward freedom of international payments and convertibility of currencies and trade arrangements aimed at the widest possible multilateral trade.

In working toward these goals, our own trade policy as well as that of other countries should contribute to the highest possible level of trade on a basis that is profitable and equitable for all. The world must achieve an expanding trade, balanced at high levels, which will permit each nation to make its full contribution to the progress of the free world's economy and to share fully the benefits of this progress.

The solution of the free world's economic problem, is a cooperative task. It is not one which the United States, however strong its leadership and however firm its dedication to these objectives, can effectively attack alone. But two truths are clear: the United States share in this undertaking is so large as to be crucially important to its success—and its success is crucially important to the United States. This last truth applies with particular force to many of our domestic industries and especially to agriculture with its great and expanding output.

I am confident that the governments of other countries are prepared to do their part in working with us toward these common goals, and we shall from time to time be consulting with them. The extension for 1 year of the present Reciprocal Trade Agreements Act will provide us the time necessary to study and define a foreign economic policy which will be comprehensive, constructive, and consistent with the needs both of the American economy and of American foreign policy.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, April 7, 1953.

Reduction in time for the Tariff Commission to make its investigation and report (title I, sec. 102)

Under the present law (sec. 7 of the Trade Agreements Extension Act of 1951) the Tariff Commission has 1 year from the time relief under the escape clause is requested to complete its investigation and report. H. R. 5495 reduces this time to 9 months. This reduction should not hamper the Tariff Commission in its work, but it will facilitate the operation of this section of the Trade Agreements Act.

Effect of divided vote in certain cases (title II, sec. 201)

The bill, as sent to the Senate, contained a section which would have increased the membership of the United States Tariff Commission from 6 to 7. The Finance Committee did not agree with this provision, although it recognized the possibility that tie or split votes within the Commission might, in some cases, prevent a decision in escape clause and other proceedings involving the sending of reports to the President. It, therefore, amended this section to provide that (a) one-half of the number of Commissioners voting unanimously may be considered a majority by the President; (b) provided that if the Commissioners voting are divided into 2 equal groups, each of which is unanimous, the President may consider either of the 2 sets of findings (or recommendations) as the findings (or recommendations) of the Commission. The committee emphasizes that neither under existing law nor under the committee amendment is the President required to comply with the findings or recommendations of the Tariff Commission.

In the discussion of this problem the Finance Committee took into careful consideration the study to be made by the Commission on Foreign Economic Policy and the fact that one of the specific items to be carefully studied by that group is the Tariff Commission and its operation. The committee also was conscious of the fact that trade agreement legislation will be discussed again next year and that Congress will have the opportunity to study and to adopt or reject the recommendations of the Commission on Foreign Economic Policy with respect to these matters.

Establishment of Commission on Foreign Economic Policy (title III)

President Eisenhower in a message to Congress on April 7 referred to the need for a complete examination of our foreign economic policy. In a letter to the President of the Senate on May 1, 1953, he recommended that a commission be established to make this study. That letter is as follows:

THE WHITE HOUSE,
Washington, May 1, 1953.

The VICE PRESIDENT,
The United States Senate, Washington, D. C.

DEAR MR. VICE PRESIDENT: In the message which I sent to the Congress on April 7 requesting a 1-year extension of the present Reciprocal Trade Agreements Act, I referred to the need for a thorough reexamination of our whole foreign economic policy.

I now recommend that a commission be established to make this review. The review should provide the basis for action during the next session of the Congress.

It is my belief that the proposed Commission should be made up of Members of the Congress appointed by the Vice President and the Speaker of the House, and members appointed by myself from outside the Congress. It should be representative of both major parties. This is appropriate since commercial policy is an integral part of our total foreign policy for which broad national support is vital.

This Commission naturally should work within the framework of our foreign policy and our global defense plans. Close liaison should be maintained with the group set up under the auspices of the State Department to follow up the economic and financial talks held earlier this spring between the United States and various European countries.

The Commission should study all existing legislation and the regulations and administrative procedures stemming from it which bear directly on our foreign economic relations. This review should seek to determine how these laws can be modified or improved so as to achieve the highest possible levels of international trade without subjecting parts of our economy to sudden or serious strains.

An inquiry of this nature is imperative. The economic policy of this Nation exercises such a profound influence on the entire free world that we must consider carefully each step we take. Changes in foreign economic policy—even those which at first have relatively slight consequences within this country—may either strengthen our allies or plunge them into a downward spiral of trade and payment restrictions, lower production, and declining living standards.

Our foreign economic policy also has important implications here at home. Declining imports will necessarily mean falling exports, resulting in a serious loss of markets for our agriculture and other industries. Expanded imports may require some adjustments in our country. We must make sure that changes in foreign economic policy consonant with our position as the world's greatest creditor nation do not benefit particular groups at the expense of the national welfare, but we must also make sure that such changes do not place unequal burdens on particular groups.

As I indicated in my previous message, the achievement of a strong and self-supporting economic system in the free world, capable of providing adequate defense against aggression and of achieving rising standards of living, must be a cooperative effort. Through increasing two-way international trade and stimulating in every practical way the flow of private investment abroad we can strengthen the free world, including ourselves, in natural and healthy ways. By so doing, we can lessen and ultimately eliminate the heavy burden of foreign aid which we now bear. Both we and our friends abroad earnestly desire to see regular trade and investment replace grant assistance.

In launching a broad-gage study into the question of what our foreign economic policy should be, I think we can prepare the way for a fuller utilization of the economic strength of the free world in the cause of peace and prosperity.

Sincerely,

DWIGHT D. EISENHOWER.

In accordance with the President's request, the Senate Committee on Finance reported favorably on Senate Joint Resolution 78, a bill to establish a Commission on Foreign Economic Policy (Committee

Rept. No. 292). This bill was adopted by the Senate on May 19, 1953, and sent to the House of Representatives.

H. R. 5495, the bill which is the basis of this report, in title III also establishes a temporary bipartisan commission to be known as the Commission on Foreign Economic Policy. This bill is similar in most respects to the one adopted by the Senate, Senate Joint Resolution 78. The following discussion of the organization and functions of this Commission will identify the major differences between the two bills:

Senate Joint Resolution 78, as adopted by the Senate, provided for a study commission composed of 11 members; 5 appointed by the President, 3 by the Vice President from the Members of the Senate, and 3 by the Speaker of the House from the Members of the House. The present bill, H. R. 5495, increases the membership to 17, with 7 to be appointed by the President, with not more than 4 from the same political party, 5 by the Vice President from the Members of the Senate, and 5 by the Speaker of the House from the Members of the House, with not more than 3 of each group, respectively, from the same political party. The Finance Committee agrees with the House bill.

The Senate bill provided for election of a Chairman and Vice Chairman by the membership of the Commission, whereas the House bill provides that the Chairman and Vice Chairman shall be appointed by the President. The Finance Committee concurs in this change.

In the bill, as reported, a quorum of the Commission is constituted whenever any nine members are present. This provision is similar to the one in Senate Joint Resolution 78, which provided that a quorum could be composed of any 6 of the 11 members which would have made up the Commission had that bill been adopted. In the bill H. R. 5495, as sent to the Senate, it was specified that a majority of the members appointed by the President, plus a majority of the members appointed by the Vice President, plus a majority of the members appointed by the Speaker of the House must be present before a quorum of the Commission can be constituted.

The Finance Committee disagreed with the House version. Under this method action could be blocked by any one of the three groups even though all members of both other groups were present. In some instances as many as 14 of the 17 members could be present, and yet no official action could be taken because no official quorum would be present. The Finance Committee, therefore, adopted an amendment providing that any nine members could make up a quorum.

The Senate bill, Senate Joint Resolution 78, and the bill which is the subject of this report, H. R. 5495, contained almost identical wording in the sections having to do with the compensation of members of the Commission and of temporary appointees to the staff. The wording of the House bill is accepted by the Finance Committee.

The same situation prevails with regard to the sections of both bills concerning the recommendations and expiration of the Commission and its expenses and staff. The House language in these sections has been accepted by the Finance Committee.

The House bill specified very broad duties for the Commission but directed its studies to be "within the framework of our foreign policy and national security objectives." The Finance Committee amended

the House bill by deleting this statement of the general duties of the Commission and inserting the language of Senate Joint Resolution 78 which directs the Commission to "examine, study, and report on the subject of international trade and to recommend policies, measures, and practices for its sound enlargement," which will permit studies and recommendations as to the proper relationship between our international trade and our foreign and national security policies.

Among other things the Commission is to consider and report on applicable provisions of the Constitution of the United States; laws, regulations, and practices of the United States relating to international trade; departments, agencies, boards, etc., dealing with these matters; laws, regulations, and practices of other countries concerned with similar subject matters; statistics; balance of payments; relationship of our foreign economic policies to total foreign policy; effect of our foreign-aid program; effect of wars and emergencies and of technological advances; international instrumentalities such as the General Agreement on Tariffs and Trade; foreign investment capital; effect of a wide range of international trade factors and practices; and the effect of existing and proposed trade policies on the promotion of peace and security.

The Commission is empowered to hold hearings and to otherwise obtain data for use in its studies; it may request any information it deems necessary from other Government departments. Senate Joint Resolution 78, the Senate bill which would have established this Commission, contained a provision empowering the Chairman of the Commission to issue subpoenas in connection with the study. This provision was not a part of the House bill, H. R. 5495. The Finance Committee agreed to the omission of this proviso and approved the House language.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX 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 7 (a) OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951 (PUBLIC LAW 50, 82D CONG.)

SEC. 7 (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party, the United States Tariff Commission shall promptly make an investigation and make a report thereon not later than [one year] *nine months* after the application is made to determine whether any product upon which a concession has been granted under a trade agreement 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.

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SECTION 330 OF THE TARIFF ACT OF 1930, AS AMENDED (19 U. S. C., SEC. 1330)

SEC. 330. ORGANIZATION OF THE COMMISSION

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(d) *EFFECT OF DIVIDED VOTE IN CERTAIN CASES.*—Whenever, in any case calling for findings of the commission in connection with any authority conferred upon the President by law to make changes in import restrictions, a majority of the commissioners voting are unable to agree upon findings or recommendations, the findings (and recommendations, if any) unanimously agreed upon by one-half of the number of commissioners voting may be considered by the President as the findings and recommendations of the commission: Provided, That if the commissioners voting are divided into two equal groups each of which is unanimously agreed upon findings (and recommendations, if any), the findings (and recommendations, if any) of either group may be considered by the President as the findings (and recommendations, if any) of the commission.

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