TRADE AGREEMENTS EXTENSION

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

FIRST SESSION

ON

H. R. 1

AN ACT 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

MARCH 21, 22, AND 23, 1955

PART 4

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TRADE AGREEMENTS EXTENSION

MONDAY, MARCH 21, 1955

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:10 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, George, Long, Barkley, Millikin, Martin, Williams, Malone, and Carlson.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order.

I have received a letter from the Honorable John F. Kennedy, the junior Senator from Massachusetts, in which he expresses his firm opposition to any amendment to H. R. 1 which would limit the importation of residual fuel oil into the United States. As you know, Senator Kennedy is ill and unable to appear personally. His written statement will be incorporated into the record in lieu of his personal appearance.

UNITED STATES SENATE,
Washington, D. C., March 21, 1955.

The Honorable HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. CHAIRMAN: I regret that I am unable to appear before the Senate Finance Committee personnally at this time, but I wish to record my firm opposition to any amendment to H. R. 1 which would limit the importation of residual fuel oil into the United States.

I am convinced that the harm to our international relations, our national defense and natural resources and our manufacturing and consuming economies which would result from such restrictions would far outweigh any of the benefits claimed for our domestic oil and coal industries.

Because I have taken a special interest in the distressed or labor surplus areas of this country, I am fully aware of the economic problems of the coal industry. But I agree with the conclusions resulting from the hearings on the 1952 Supplemental Trade Agreement that the decline in the coal industry is due not primarily to residual oil imports, but rather to problems of technology, transportation, productivity, conversions of railroads to other fuels, milder weather, reduced coal exports, and the tremendous increase in the use of natural gas as a substitute fuel. Many of these factors have also affected the domestic oil industry.

A limitation of the type proposed in the Neely amendment would threaten not only the economy and friendship of a free and peaceful neighbor, Venezuela, who has never asked or received a single dollar of United States aid, but would also threaten the availability of that vital oil supply to the United States by increasing demands for nationalization and requiring Venezuela to sell to other countries, perhaps behind the Iron Curtain.

Our present 11–1 advantage in oil over the Soviet Union is primarily the result of our supplies and concessions abroad. But as pointed out by the Mutual Security Public Advisory Board:

"The United States cannot expect to have access to such supplies unless it imports reasonable quantities of petroleum from these producing regions."

Moreover, we cannot afford to lose one of our most important markets for machinery, textiles, electrical goods, electronic devices, leather goods, paper, canned foods, chemicals and other products, all of great importance to New England and the Nation as a whole.

Finally, I wish to point out the disastrous effects such limitations would have upon those who presently consume residual fuel oil. Obviously, the supply of residual fuel oil in this country would be decreased, with a serious shortage resulting. The second result which naturally follows such a reduction in supply is an increase in the price of residual fuel oil. Based on New England's experience with a moderate fuel shortage in the winter of 1947–48, such an increase in price would cost our region alone—and we use one-third of the residual fuel oil consumed in the United States—over tens of millions of dollars annually.

Another result bound to occur from a decrease in supply and increase in price of fuel oil, is a conversion by many consumers now using oil to coal, a process costly for all and impossible for some. Because New England receives its oil by water and its coal by rail, the oil is obtainable in New England at a relative savings while coal transported to large purchasers in New England is priced about 40 percent higher than to similar buyers in the country as a whole, as a result of the rail transportation rate structure.

This tremendous increase in the cost of fuel in our area would necessarily result in increased electric power costs to New England, a region already suffering from above-average rates; higher operating costs to New England industries, many of them already on the verge of liquidation and migration; and increased costs to New England consumers already facing severe economic difficulties.

I urge, Mr. Chairman, that we not seek to lessen unemployment in the coal mines and oil fields by increasing unemployment in the textile and other New England industries. Let us cooperate instead on other means of stimulating the discovery, conservation, development, and use of our resources, and providing other practical means of long range assistance to our oil, coal and other industries. Let us adopt a program aimed at finding the most efficient use of the fuel and energy of the free world with our goal being military and economic security and a higher standard of living for all parts of our nation and the free world.

Sincerely yours,

JOHN F. KENNEDY.

The CHAIRMAN. The first witness is Mr. Russell Brown, general counsel of the Independent Petroleum Association.

Senator CARLSON. Mr. Chairman, a number of Senators from the area from which I come are having a meeting with the Appropriations Committee at 11 o'clock. I would like to be excused for a few moments at that time.

The CHAIRMAN. You may proceed, Mr. Brown.

STATEMENT OF RUSSELL B. BROWN, GENERAL COUNSEL, INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA, ACCOMPANIED BY MINOR S. JAMESON

Mr. BROWN. I appreciate the committee permitting me to come back. The other day we had about five witnesses who were unable to come on because of the crowded docket, and three of them have filed their statements. I would like to proceed now.

The CHAIRMAN. You may proceed.

Mr. BROWN. My name is Russell B. Brown. I am general counsel of the Independent Petroleum Association of America, a national trade organization representing producers of oil and gas in all of the producing areas of the United States.

I appear before your committee to support the amendment to the Trade Agreements Act, proposed by Senator Matthew Neely and 16 other Senators, that would limit oil imports to 10 percent of United States oil consumption. Other witnesses have appeared before this committee to show the need for imposing legal restrictions to prevent

excessive oil imports from undermining our domestic oil supply and thereby endangering our national security. Full information on the justification for this action by the Congress has been made avalable to you and I will not repeat or duplicate such previous testimony.

During the course of these hearings, however, questions have been raised with regard to the effect of the Neely amendment on prices paid by consumers for petroleum products, particularly with regard to the proposed restriction on imports of residual fuel oil. Testimony has been presented to this committee, and much effort is being made through the press and through direct communications with the users of fuel oil, that creates alarm and fear about fuel shortages and high prices, with the users of fuel oil. If the Neely amendment would have the effect of creating shortages and high prices, consumers and their representatives in Congress would be justified in their concern.

Petroleum imports consist primarily of (1) crude oil, and (2) residual fuel oil. Imports of other products such as gasoline and home-heating oils are insignificant. It should be clearly understood that residual fuel oil is not used by small individual consumers to heat private homes. The fuel oil for home-heating is known as distillate, or light fuel oil. This oil to heat private homes, is not now, and never has been, supplied by imported fuel oil. There is nothing in the Neely amendment that would restrict fuel oil for private homes.

Second, it should also be understood that the domestic industry has always produced most of the residual fuel oil used in the United States. For example, the 1954 supply of this product was as follows:

1954 United States supply of residual fuel oil

	Barrels daily	Percent of total
Produced in United States refineries	1,158,000	76.6
Imported	353,000	24.4
Total	1,511,000	100.0

It should also be kept in mind that there are three principal sources of fuel for the eastern seaboard area of the United States. These fuels are coal, oil, and natural gas. The facts show that domestic supplies of these fuels are more than adequate to assure a continuing, competitive market supplied from widely distributed sources. Consumers are assured of ample supplies at competitive prices. As to oil, there is no danger of shortage. The domestic industry has a spare capacity to produce an additional 2 million barrels per day that is now "shut in" for lack of market. In addition, domestic capacity to transport and process crude oil and refined products exceeds current demands by at least 1 million barrels per day.

For many years, oil and gas have supplied an increasing part of the Nation's energy requirements. Oil is indispensable as a transportation fuel for automobiles, trucks, planes, and military equipment. Because of convenience and cleanliness, oil and gas have continued to displace coal for home use. Residual fuel oil, on the other hand, is used primarily in large industrial plants such as public utilities, as a fuel for ships and for heating large buildings.

In industrial use, residual fuel oil competes with coal and gas primarily on the basis of price. There has always been a place for

imported residual fuel oil, but in recent years more and more of the eastern seaboard market for residual fuel has been supplied by imports. Excessive imports of this product endanger our security by weakening our domestic supplies of coal, domestic oil, and natural gas.

Natural gas is a purely domestic fuel. Vast pipeline systems are making more and more of this desirable fuel available to consumers. It is found largely in the search for crude petroleum. There is little possibility of this supply being imported to consumers on the Atlantic coast.

When the incentive to search for crude petroleum is removed through excess supplies of imported oil, the development of additional gas supplies will be reduced. Tankers bringing oil into the United States do not increase this supply. Domestic drilling for oil does.

With regard to imports and prices in general, and residual fuel oil in particular, I believe that the chart attached to this statement will be of interest to this committee. I have attached a chart there. This chart shows the trend of oil prices on the eastern seaboard, where imports have supplied a large and increasing share of the market, as compared with price changes in the Midwest, where domestic oil has supplied the market without imports.

You will notice in that chart we begin with 1947–49 as the starting point, and on the eastern seaboard, where most of this import comes, the increases in price of gasoline and fuel oil have exceeded those in the Middle West, and the eastern seaboard still is far in excess of the midcontinent area.

The price trends are shown on the basis of index numbers, starting with the 3-year period 1947 through 1949, which is the standard base period now used by the United States Bureau of Labor Statistics to calculate the official Government price indexes.

It is significant to note that the prices paid by consumers for petroleum products have increased more in the area served by imports than in the area in which only domestic oil is used. These changes may be summarized as follows:

Change in oil prices, 1954, versus average 1947–49

	Eastern seaboard where imports have supplied large and increasing share of the market	Midwest where domestic oil has supplied market without imports
	Percent	*Percent*
Gasoline at service stations (excluding tax)	+23.7	+15.1
Light fuel oil for home heating	+16.6	+11.8
Residual fuel oil for industrial use	−5.5	−26.5

These facts are not presented as evidence that imports have caused the higher increases in oil prices along the eastern seaboard. It is recognized, of course, that many factors other than imports affect these prices. However, the facts indicate that consumers have not received any price benefit from the increased imports of either residual fuel oil or crude oil.

An additional fact should be noted in connection with residual fuel oil imports. At times these imports have greatly depressed the price of this fuel to industrial consumers. During such times, a few large

consumers benefit temporarily but I do not believe that the majority of consumers or the national interest is benefited in the long run.

Because residual fuel oil comes from crude petroleum, the revenue derived by domestic refiners from the sale of such oil pays a share of the cost of crude oil. During 1954, for example, domestic refiners received about $700 million from the sale of residual fuel oil. When the price of residual oil is too cheap, the other products of crude oil must bear a larger part of the cost of producing and refining crude oil. When residual fuel oil is too cheap, the price of gasoline and home-heating oil is greater. Thus the many users of gasoline and home-heating oil must pay higher prices for their product in order for the few large users of fuel oil to buy their supplies at depressed prices.

The most important consideration, in connection with oil prices and imports, is the question of competition. One of the basic principles of our form of government is the preservation and encouragement of competition. The competition that has prevailed among the thousands of domestic oil producers has been the most important single factor in the development of ample domestic oil supplies at prices that have been consistently low in relation to other commodities.

In contrast to the competition in the domestic oil industry, about 90 percent of all the foreign oil in the free world is controlled by only 7 large international oil companies: 5 of these are American companies, and 2 of foreign origin. The five American companies are as follows: the Standard Oil Co. (New Jersey), the Gulf Oil Corp., Socony-Vacuum Oil Co., Inc., Standard Oil Company of California, and the Texas Co. The two foreign-owned companies are the Dutch-Shell group and the Anglo-Iranian Oil Co.

In the exploration and development of foreign oil, these few companies work hand in hand. In the four top oil-producing countries of the Middle East, these companies are closely intermingled. Each of them has an interest in at least 2 of these countries, and most of them in 3. For example, 4 of these companies control jointly the huge proved reserves of Saudi Arabia now estimated at 36 billion barrels, or more than all the presently known oil reserves in the United States. Two other companies in this group control the equally fabulous reserves in Kuwait which, with a population about like that of the city of Allentown, Pa., has crude oil reserves now estimated at about 30 billion barrels.

The CHAIRMAN. Would you name the companies?

Mr. BROWN. I named the five American companies.

The CHAIRMAN. You named those, but you said among them, 4 of those companies control jointly—what 4 are they?

Mr. BROWN. I have that. In Saudi Arabia it is the Standard of New Jersey, the Standard of California, the Texas Co., and the Socony-Vacuum Co.

The CHAIRMAN. And then two other companies control——

Mr. BROWN. In Kuwait, it is Gulf and Anglo-Iranian.

In Iran now they are all jointly in a consortium worked out through the State Department. They are all in that consortium, all of these larger companies.

The CHAIRMAN. That is seven?

Mr. BROWN. Yes; this increasing concentration of economic power in a handful of international companies has serious and far-reaching

implications for the American consumer. If excessive oil imports are permitted to continue to weaken the domestic industry and stifle the competition provided by thousands of independent producers, consumers will become dependent to an ever-increasing extent on foreign oil from distant and uncertain sources controlled by these few companies with interrelated operations. This would be inconsistent with the American principles of government and business. Consumers would face not only the uncertainty of supply but the unfavorable price conditions that inevitably result from a lessening of competition. These dangers are real, as experience has already demonstrated. Two examples may be cited as illustrations.

The first example concerns the sale of Middle East oil by some of these companies to the United States Navy during World War II. After investigation, the Special Senate Committee To Investigate the National Defense Program concluded in its 1948 report as follows:

> When the United States Government needed oil because of its war demands, notwithstanding these prior proposals, the companies offered the Navy fuel oil at $1.05 a barrel on a take-it-or-leave-it basis. The Navy was forced to buy the oil on these terms. The committee is of the opinion that the oil companies were under a moral if not a legal obligation to disclose to the naval procurement officers their previous proposals for the sale of oil submitted to the President. The oil companies exploited the Government by exacting high prices for their products despite the high expenditures and assistance granted to Saudi Arabia at the companies' behest to protect and preserve the companies concessions.

The second example is found in the report on The Price of Oil in Western Europe by the United Nations Economic Commission for Europe, released a few days ago. This report questions whether European consumers are benefiting as they should from the development of Middle East oil by the few large companies that produce this oil. In commenting on prices for Middle East oil, the study points out that: "An essential feature of the present price is that it reflects a situation in which effectively, only the interests of producers are represented." Previously, this situation was a matter of concern to our own Government during the period when the Economic Cooperation Administration (ECA) was financing shipments of Middle East oil to Europe with American tax money. That is during the time we were trying to rehabilitate Europe. Investigations by ECA resulted in a refund of $979,101.55 by one company (the California Texas Oil Co. which markets Middle East oil for the Standard of California and the Texas Co.).

Such experiences show that the consuming public is best served by a healthy and competitive petroleum industry in the United States. It will be costly in the long run, and dangerous to our security at all times, to permit imports to weaken the domestic oil-producing industry. Domestic producers naturally want to preserve their place in our economy.

They believe a reasonable limitation on oil imports is essential. They believe this limitation should be established by law to provide standards that will be equitable to all concerned. The interests of the domestic oil producers, however, are, and must be, secondary to

the national interest. National policies are justified only when they serve to provide more of the necessities and comforts of life for more people at more reasonable prices. We believe that the Neely amendment will serve these purposes by assuring the maintenance of an expanding and competitive petroleum industry in the United States.

That concludes my statement, Mr. Chairman.

The CHAIRMAN. Mr. Brown, you state on page 5 that 7 companies own 90 percent of the foreign oil in the free world. Do you have that percentage broken down by companies?

Mr. BROWN. I have it, yes.

The CHAIRMAN. Standard Oil Co. of New Jersey; what percent do they own?

Mr. BROWN. Well—Do we have that, Minor?

Mr. JAMESON. We have that information. We will have to provide it.

The CHAIRMAN. You haven't broken it down?

Mr. BROWN. I haven't broken it down. I will supply it.

The CHAIRMAN. Is this ownership by reason of the companies joining together?

Mr. BROWN. They started in the case of Arabia by Standard of California and the Texas Co. They later sold an interest in the entirety to the Standard of New Jersey and the Socony-Vacuum and brought them in then as partners in that operation.

In the instance of Kuwait, that was originally discovered by Gulf, I believe, or the Anglo Iranian, and later they joined together, the two of them operated it there.

The CHAIRMAN. What percent of the 90 percent do the five American companies control?

Mr. BROWN. I will have to supply that figure. It is the larger percentage.

The CHAIRMAN. Has the Dutch Oil, Dutch Shell group, any American interests in it?

Mr. BROWN. No.

The American companies control all of Saudi Arabia, and that is the big reserve. The American companies have half of Kuwait, and in Iran they have a smaller interest. But on the whole, they have considerably more than the other two companies.

The CHAIRMAN. They have no interest in Dutch Shell except such as the American stockholders may have?

Mr. BROWN. That is right. Their interest is not in the company, but in their association in the operation of he property.

The CHAIRMAN. Is that also true of the Anglo Iranian Co.?

Mr. BROWN. That is entirely outside of the United States-owned.

The CHAIRMAN. Is that listed on the stock exchange here?

Mr. BROWN. Yes. I think they recently changed it to a new name.

The CHAIRMAN. I wish you would furnish the figures I requested with respect to the percentage ownership.

Mr. BROWN. I will be glad to do that.

(The figures requested follow:)

Estimated foreign oil reserves of seven international oil companies, as of Jan. 1, 1955 (excluding Russia and Russian controlled areas)

	Western Hemisphere		Eastern Hemisphere		Total foreign	
	Million barrels	Percent of total	Million barrels	Percent of total	Million barrels	Percent of total
Standard Oil Co. of New Jersey	6,900	40.1	14,200	14.1	21,100	17.8
Gulf Oil Corp	1,800	10.5	16,200	16.0	18,000	15.2
Standard Oil Co. of California	250	1.4	12,200	12.1	12,450	10.5
The Texas Co	500	2.9	13,000	12.9	13,500	11.4
Socony-Vacuum Oil Co	450	2.6	6,900	6 8	7,350	6.2
Shell Group	3,800	22 1	7,600	7.5	11,400	9.6
Anglo-Iranian Oil Co. Ltd	----------	----------	24,400	24.2	24,400	20.6
Total 7 companies	13,700	79 6	94,500	93.6	108,200	91.5
Other foreign	3,506	20.4	6,498	6.4	10,004	8.5
Total foreign	17,206	100.0	100,998	100.0	118,204	100.0

Source: Estimated by the Independent Petroleum Association of America based on data published by the Oil and Gas Journal and World Oil.

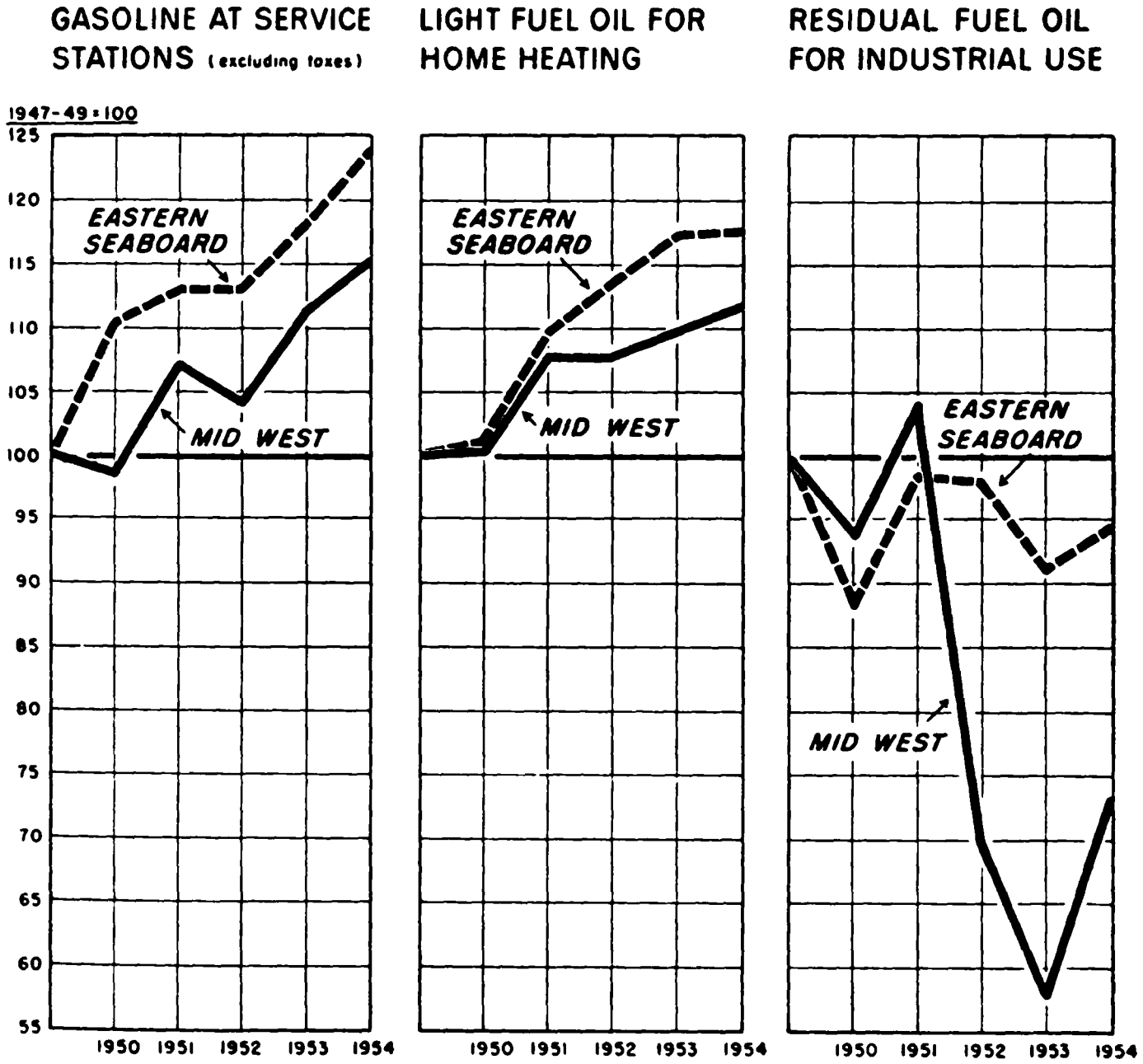
(The chart attached to Mr. Brown's statement follows:)

CONSUMER PRICE INDEXES FOR PETROLEUM PRODUCTS

Eastern Seaboard where Imports have supplied a large and increasing share of the market

vs.

Midwest where Domestic Oil has supplied the market without Imports



NOTE Eastern Seaboard based on prices of New York and Mid West based on prices of Chicago

Prepared by Independent Petroleum Association of America

The CHAIRMAN. Senator George?
Senator GEORGE. I have no questions.
The CHAIRMAN. Senator Malone?
Senator MALONE. Mr. Brown, you are the secretary of the Independent Petroleum Association?
Mr. BROWN. I am general counsel.
Senator MALONE. General counsel?
Mr. BROWN. Yes.
Senator MALONE. You are for the Neely amendment that provides for a 10 percent limit on imports of oil, based on the imports of past years?
Mr. BROWN. Yes.
Senator MALONE. I notice you are for this amendment because you think that would cure your present trouble of fixing the production, domestic production of these wells in the various States, like Texas, Oklahoma, California, and bring them up to their economic production; economic production meaning the production without injury to the wells.
Now, I understand they are held below that economic production by reason of such imports; is that true?
Mr. BROWN. That is correct.
Senator MALONE. You are for the amendment because you think that would lift the additional curtailment below the economic production of these wells that they are now undergoing?
Mr. BROWN. We believe that would give us a base for our determination of our domestic operations, so we could plan our own production with security and confidence.
Senator MALONE. Do you think that 10 percent is the right figure so you can be justified; that is to say, that new money going into existing companies to find additional supplies would be justified?
Mr. BROWN. We base that, Senator, on a very careful study we made over the period following the war, up until 1951–52, where the domestic industry was fairly successful in finding new oil.
At the same time, the importing companies were not injured.
Senator MALONE. Let's assume that you are correct in this estimate of the past, of 10 percent; suppose it was absolutely correct——
Mr. BROWN. Pardon?
Senator MALONE. Suppose your estimate of 10 percent is absolutely correct, and that would relieve the tension of holding the production of domestic wells below that economic production point. Is there any reason to suppose that within 6 months or a year, or more, that that relationship would not change? Why do you think it would always fit it?
Mr. BROWN. We believe it wouldn't likely change because this amendment provides a percentage of demand, so as the demand goes up both the domestic production and the imports would go up with it. It would float with the demand when it goes up or down.
Senator MALONE. You think your domestic production could keep pace and you would be satisfied with having that 90 percent of the market?
Mr. BROWN. That is right.
Senator MALONE. Regardless of whether it fits just like it does now or not, you would be satisfied with it?

Mr. BROWN. We think it gives us a standard and a base from which we can operate.

Senator MALONE. Why do you just settle on a quota for the petroleum industry? Don't you know that many other industries—hundreds of other industries—are in the same jackpot with this Trade Agreements Act?

Mr. BROWN. I anticipate there must be others in the same fix but, frankly, we haven't the facilities for understanding the problem of other industries, and we felt it was our responsibility, as clearly as we could, to present our problem to this committee, leaving to other industries to do likewise. Then the committee could resolve all of our difficulties.

Senator MALONE. If it were shown that there are many other industries in trouble, would you object to other industries having the same prerogative; that is to say, some general act or amendment that would allow other industries the same protection?

Mr. BROWN. Not at all. I wouldn't object.

Senator MALONE. Are you familiar with the amendment I introduced on January 14, Senate 404, amending the Tariff Act of 1930, and for other purposes, an amendment that, if accepted, would allow the Tariff Commission to continue its work fixing tariffs on the basis of fair and reasonable competition; that is to say, the difference in the cost, generally speaking, in the production of an article in this country and the same article or a like article in the chief competitive foreign nation, and also allow quantitative limits to be imposed, the authority and manner provided for in subdivision (c) and (f) in this section to impose quantitative limits on the importation of any foreign articles in such amounts or for such periods as may be found necessary in order to effectuate the purposes of the act, and the purpose of the act is for fair and reasonable competition.

Your industry has never objected to that basis of fair and reasonable competition, has it, bringing in any product on the basis of your cost?

Mr. BROWN. That is right; we never have.

Senator MALONE. You have never asked any advantage, if you just had equal access to the American markets. That is all you are asking for now?

Mr. BROWN. That is right.

Senator MALONE. Wouldn't an amendment such as 404 serve your purposes just as well?

Mr. BROWN. I would say, Senator, that we agree with the principle of that; I would think we would.

Senator MALONE. And you would agree to it and be for it?

Mr. BROWN. I think it could be made to serve our purpose.

Senator MALONE. Then you wouldn't be excluding any other industry; any other industry could be included on the same basis?

Mr. BROWN. We don't want to exclude any other industry. We don't want to be in the position of recommending action for them, representing them, and saying what happens to them.

Senator MALONE. The reason the Neely amendment doesn't include other industries is because you felt it was your prerogative and responsibility to try to protect yourself.

Mr. BROWN. We felt it our responsibility to present our position, and we thought this clearly did it.

Senator MALONE. The Neely amendment, as far as it goes, looks pretty good, although in this amendment, S. 404, the Tariff Commission could adjust the quantitative imports to meet the actual situation, which might be even better, might it not?

Mr. BROWN. We have no objection to that. The Neely amendment provides the President may interfere when there is an indication that there may be a shortage.

Senator MALONE. Yes.

We have had several references and conversations about the President. Some witnesses who deal particularly in foreign imports and exports have been violently for the extension of this act and have indicated that anybody who might oppose it didn't trust the President.

The Constitution of the United States didn't trust the President, did it?

Mr. BROWN. It delegated the authority to Congress.

Senator MALONE. It didn't delegate it to Congress——

Mr. BROWN. I don't know whether it was through lack of trust or the thought that it was the wise way to do it.

Senator MALONE. That isn't the right way to put it.

Didn't the Constitution lay down what was supposed to be done, and didn't trust anybody?

Mr. BROWN. That is right.

I was always impressed with the argument that we should write it down so everybody could understand it.

Senator MALONE. Then after they thought about it in the cool of the evening, they wrote what they called the Bill of Rights, pointing out what the Constitution meant?

Mr. BROWN. That is right.

Senator MALONE. These fellows who wrote the Constitution and the Bill of Rights were fellows who had suffered under one-man control, had they not?

Mr. BROWN. Most of them.

Senator MALONE. When they made this decision, they said they didn't even trust themselves, they would write it down; didn't they?

Mr. BROWN. I think that was the persuasive argument that finally got the Bill of Rights adopted.

Senator MALONE. We might not always be in office, and the President might not always be in office. Let's assume everything is perfect now, about which you could get an argument, so if the Constitution always has said and says now that the President of the United States shall determine the foreign policy—doesn't it do that?

Mr. BROWN. That is right.

Senator MALONE. And it says the legislative branch, the Congress, shall regulate foreign commerce, foreign trade, and fix the duties we call tariffs. It says that, doesn't it?

Mr. BROWN. That is right; and between the States.

Senator MALONE. Mr. Acheson, when he was Secretary of State—I will have to look it up; I will not do it right now.

Senator MALONE. Mr. Thorp, who is now a professor in a New England college, and who was then his assistant, testified many times that it was impossible to separate the domestic economy and the foreign policy. Do you remember such testimony?

Mr. BROWN. I don't remember just those words. I remember some testimony from the State Department to the effect that their concern was with foreign relations and they weren't facilitated to handle its effect on the domestic economy.

Senator MALONE. Both Acheson and Thorp testified they must have this 1934 Trade Agreements Act and the extension each time because it was impossible—and I will get the exact quote and insert it in the record, if I can find it, and I am sure I have it—that it was almost impossible to separate the domestic economy and the foreign policy, and the domestic economy the Constitution says Congress must regulate.

(The quotation referred to was not furnished for the record at the time the hearings were printed.)

Mr. BROWN. That is right.

Senator MALONE. The Secretary of State, Mr. Acheson, said it was almost impossible to separate the domestic economy and the foreign policy, but the Constitution of the United States pointedly separates it. That is true, isn't it?

Mr. BROWN. This is my understanding.

Senator MALONE. In 1934 we tied it together again; that is to say, the Congress did. I was not here, but we are still doing it.

What do you think of that? If you didn't get your amendment in here for the 10 percent, or the general amendment that would take care of you that I have described, and it would take care of everybody and put it back on the basis of fair and reasonable competition, where it was in 1930, if your amendment was not accepted, would you approve extension of H. R. 1?

Mr. BROWN. We are of the opinion that H. R. 1 should not be extended unless it has safeguards to protect the domestic industry.

Senator MALONE. Then, as a matter of fact, you wouldn't like the extension even if it protected you unless it protected everyone, but you are here afraid that it will pass, and if it does, you want your amendment in it?

Mr. BROWN. That is substantially correct.

Senator WILLIAMS. May I ask a question?

Senator MALONE. Yes.

Senator WILLIAMS. If the Neely amendment is adopted, you are still opposed to H. R. 1 as amended?

Mr. BROWN. No.

Senator WILLIAMS. You would be in favor of it?

Mr. BROWN. That is right.

Senator WILLIAMS. Then I am to understand you are in favor of reciprocal trade for everybody except the oil industry?

Mr. BROWN. I was trying to make clear that we are assuming a condition that does exist and we are presenting our position.

Senator WILLIAMS. I understand that.

If the Neely amendment is adopted, to H. R. 1, made a part of it, would you be in favor of H. R. 1 as amended on the oil industry alone?

Mr. BROWN. That is right, as far as our industry is concerned.

Senator WILLIAMS. Then I gather that you are in favor of reciprocal-trade agreements, provided it does not affect the oil industry.

Mr. BROWN. I think our position on that is that we are trying to recognize a reality in the Government in which we operate, and we

must. After 1934, we protested the same way. We felt then that that was a condition of Government operation we either had to go along with or we would be left out completely.

Senator WILLIAMS. You were concerned about your own industry, but if your industry is taken care of, your concern drops then.

Mr. BROWN. I don't think it drops there. I think it is the responsibility for us to present to the Congress the effect on our industry, and I doubt if we have the ability to express an opinion as to other industries.

Senator MALONE. But you did stress when you said you were in favor of H. R. 1 with the Neely amendment——

Mr. BROWN. So far as our industry is concerned.

Senator WILLIAMS. I have no further questions.

Senator MALONE. As I understood you from my questioning, while you might not violently oppose the extension of it, you never have been for the extension; you weren't for it in the beginning and you aren't for it now. But if they are going to extend it, you want your amendment.

Mr. BROWN. I think our position was that we have never been for the delegation to an administrative agency of a constitutional prerogative of the Congress. We recognize the difficulties of Congress passing on tariffs, because of the great variety of them. We felt that that delegation should have gone to a legislatively created body to handle it, instead of an administrative body.

Senator MALONE. That is the Tariff Commission?

Mr. BROWN. That is one of them.

Senator MALONE. What is the other?

Mr. BROWN. I know of no other. It could be. Whatever the Congress created.

Senator MALONE. As a matter of fact, this amendment of mine creates what we call here a Foreign Trade Authority, but it would not change the Tariff Commission at all, and need not even change the appointees. The only reason we call it the Foreign Trade Authority in this amendment is because it more nearly represents what it deals with, since it relates to foreign trade through the fixing of imposts, excises, and duties we call tariffs.

In order to clear the record, you are not really for the delegation of this legislative authority to the Executive, but if it is going to be done, you want the oil industry to be taken care of the best way you know how.

Mr. BROWN. I think that more accurately describes our position, that we don't necessarily accord ourselves to the philosophy of delegating this to an administrative agency, but if it is going to be done, we think it ought to have some protective restraint on it.

Senator MALONE. And if you agree that such protection could be extended to other industries, you would like that also?

Mr. BROWN. That is right.

Senator MALONE. You don't understand it well enough and have no time to go into it, to go into detail as to how it ought to be done?

Mr. BROWN. That is right.

Senator MALONE. But this amendment that does exactly what you want done on the basis of fair and reasonable competition and also allows them to fix quantitative limits, the Tariff Commission, as an agency of Congress, would suit you all right?

Mr. BROWN. That is right.

Senator WILLIAMS. And it does include all other industries, therefore you could give your hearty approval to this?

Mr. BROWN. That is right.

Senator MALONE. We have about cleared this up, but the Constitution did adopt or delegate or organize three branches of the Government—the executive, the legislative, and the judicial—did it not?

Mr. BROWN. That is right.

Senator MALONE. To the executive the Constitution delegated certain specific powers, among which was the regulation of foreign policy?

Mr. BROWN That is right.

Senator MALONE. To the legislative it delegated many powers, but among them was the regulation of our foreign economy through the regulation of foreign trade, and the fixing of duties, imposts, and excises, which we call tariffs?

Mr. BROWN. That is right.

Senator MALONE. To the judicial it delegated the power of determining the constitutionality of anything that either of the other branches of Government did, if it were properly brought before it?

Mr. BROWN. Certainly, that is within their power.

Senator MALONE. You believe, then, that the Constitution ought to be adhered to and the delegation of this power to regulate foreign commerce and the setting of duties or tariffs should be either in a Tariff Commission, which is organized as an agency of Congress, or any branch or any organization that may be organized directly under the supervision of Congress?

Mr. BROWN. We feel the Congress has a right to delegate any administrative activities that advise and make more efficient the processes of government, and whatever delegation they make, we think they ought to control it.

Senator MALONE. They ought to control that agency?

Mr. BROWN. That is right.

Senator MALONE. As a matter of fact, over a good many years, maybe a hundred years, in the fixing of duties, imposts, and excises, we call tariffs, there may have been some awkward moments and some misinterpretation and some mistakes, but in 1930, didn't the Congress of the United States delegate to the Tariff Commission the specific duty of determining that differential of cost between an article here and a like or similar article in the chief competitive nation, and determining that difference of cost, effective cost, and recommending that as the duty?

Mr. BROWN. That was my understanding of the 1930 act.

Senator MALONE. That is almost the exact wording of the act, which conforms to the Constitution of the United States and prevented any possibility of what they used to call logrolling or anything at all, of loading up a tariff bill.

In other words, the Senators and Congressmen can appear before the Tariff Commission, just like you can appear before them.

Mr. BROWN. That is right.

Senator MALONE. But as far as anything coming to the committee, to a committee of Congress, like the Senate Finance Committee or the Ways and Means Committee, a bill has to be introduced on a

special product, or just like my Senate amendment, S. 404, or Neely's amendment, go to committee, which would be to this committee, or in the House the Ways and Means Committee, go on the House floor and on the Senate floor and be passed. That is the only logrolling there could be; isn't that true?

Mr. BROWN. I am not completely familiar with the process of legislative actions, but I assume that to be correct.

Senator MALONE. In other words, there is no way a Senator or a group of Senators could walk down to the Tariff Commission and say, "You do this," or "You do that." They have to wait and present their testimony before them in their regular hearing and then the only way they could take exception to it would be through a bill in Congress: isn't that right?

Mr. BROWN. That is my understanding.

Senator MALONE. That is right; I am sure of that.

You are familiar with many of these, I call them trick organizations, over the world. One of them is the General Agreement on Tariffs and Trade in Geneva that works while you sleep and I sleep, which is not too much, but they work continually. Recently they have had a United Nations World Trade Organization, organized under a resolution of the Assembly of the United Nations. It is not too well defined, but it would throw everything into the pot, including our markets, and come up with a division.

The International Trade Organization, which this body refused to accept in 1950, then the International Materials Conference, which the State Department organized to take its place. It is inactive at this time, but they are lying dormant.

GATT is not dormant. Are you familiar with the work of GATT in the last couple of months?

Mr. BROWN. I have made some observation. Frankly, I am not fully and completely informed on it.

Senator MALONE. On March 18 the Wall Street Journal in an article by Ray Cromley, who, by the way, I noticed is a good digger into the facts and generally comes up with a pretty fair explanation of anything he tackles, the heading is: "Two Trade Pacts Arranged by United States Likely To Stir Storm on Capitol Hill."

It says in the first paragraph:

> President Eisenhower is about to stir one of the biggest trade fights in years on Capitol Hill.
>
> On Monday the State Department will make public 2 trade agreements it has negotiated in secret in Geneva the past 2 months at a meeting of the 34 nations that are members of the General Agreement on Tariffs and Trade.

I have been saying that all along, but I am not as good a writer as Ray Cromley. He says it better.

> One of these will be an innocuous looking but politically explosive document—a proposal for the United States to join an Organization for Trade Cooperation.

It is a good deal like the Marshall plan and ECA and the direct loan to England, and I don't even know myself now half the time what they call that organization that Mr. Stassen spends money through, FOA. They are all the same, but they change their names just often enough to confuse the public, and I am afraid, the Congress, also.

Reading further:

It would set up a world organization to sponsor tariff cutting conferences and control trade discrimination. It's filled with technical details about how to run this international body.

It will be the same body of General Agreements on Tariffs and Trade, without a doubt, but it has a different name.

The other document is a series of agreements on tariffs and quotas the United States and the 33 other countries agreed to in their secret Geneva talks.

That is the last 2 months. That has been going on while we think we are making laws here.

Here are some samples:

The United States and the other countries agreed to extend the big tariff concessions they've made since 1947 for another 2½ years to the end of 1957; the United States and the others agreed that "underdeveloped" countries would "temporarily" use quotas to protect some of their industries.

I could take them around to some undeveloped areas in this country, but I don't suppose they would be interested in those.

The United States and other countries agreed to appear yearly before a bar of judgment on alleged infractions of the comprehensive trading rules they have agreed to.

Then reading further:

President Eisenhower also has given out word the second document—with the concessions—is to be treated as an Executive agreement and not brought before Congress.

Only the organizational features of this new organization will be brought before Congress, not the details of the tariffs, and multilateral agreements for cuts that they have agreed to.

The President's advisers think he has this power under the Reciprocal Trade Act which the President has asked Congress to extend for 3 years beyond its June 12 expiration date. A bill to do this, and to broaden the President's tariff cutting powers has passed the House by a narrow margin and is now before the Senate Finance Committee, where it faces plenty of opposition.

He is a bright boy.

Insiders believe this dual move will split both the Republicans and the Democrats down the middle. Even the President's strong backers aren't certain he will win.

Now, skipping a considerable portion of it:

The President's decision not to put the trade agreements before Congress will also stir resentment, even though the President has made clear from the beginning he was going to use such powers under the Reciprocal Trade Act without asking congressional sanction * * *

The proposed international trade body will have a lot of enemies. Observers recall 1950, when President Truman tried to get the ill-fated International Trade Organization charter approved by a reluctant Congress.

They wrote a book on ITO of 350 pages, but 1 paragraph was enough. There would be 56 nations who were to join the Organization, and they would all join if we did, to sweeten up the pot, and once each year at least they would estimate the consumption and the production for the ensuing year and divide it among the nations of the world. That is a wonderful description of it, and that about fits this new one.

The congressional storm then raised was so heavy Mr. Truman withdrew his request before the ITO was even brought to a vote. That killed the ITO; few countries wanted to join if the United States wasn't in on it.

I have another way of saying it. It is a sucker poker game, and if the man with the money doesn't sit down, there is no game. That is about the way it is.

I will ask you, Mr. Brown, you have been here in Washington all during this period, if you are for this type of operation, the General Agreement on Tariffs and Trade, which does all this stuff in secret and then announces it? But the decision, as the President says—I agree with him; I agreed with Mr. Taft; it was the only thing I agreed with him on the other day—under the 1934 Trade Agreements Act the President has the power to delegate this power to the General Agreement on Tariffs and Trade which was organized, if not under our entire leadership, through the State Department, originally at least spearheaded by it.

Are you in favor of these extraneous organizations operating on your business, without your knowledge?

Mr. BROWN. No; we are very much concerned about the delegation of delegated authority.

It gets so remote, we find we have no means of adequately presenting our problems or understanding just how they operate. We get lost.

Senator MALONE. As a matter of fact, they will not let you in on their secret deliberations; will they?

Mr. BROWN. Not that I know of.

Senator MALONE. I have had several people tell me they have tried to get in, but cannot do it.

Mr. BROWN. That is right.

Senator MALONE. You understand that if we extend this Trade Agreements Act, even with your amendment that all of these extraneous organizations have the same authority to operate that they have always had, do you not?

Mr. BROWN. That would be my understanding.

Senator MALONE. But if we do not extend it, then perhaps anything they have already done we would have a little difficulty with because they have always been effective, but they could not enter into future negotiations and future divisions of the markets of the United States through any of these trick organizations, whether it be the new one, the Organization for Trade Cooperation, or the General Agreement on Tariffs and Trade, or the ITO, or the IMC, or the United Nations' new trade organization, or any of them, as a matter of fact, could they?

Mr. BROWN. I don't think we could do much about those.

Senator MALONE. You don't think they can make any new agreements if this expired?

Mr. BROWN. That is correct.

Senator MALONE. If it does expire, do you understand that all products, regulation of tariffs and duties on all products not under a trade agreement at the present time, revert to the Tariff Commission?

Mr. BROWN. It would under the 1930 law.

Senator MALONE. 1930 law?

Mr. BROWN. That is right.

Senator MALONE. Do you understand, then, that those on which trade agreements have been made, that the President can at any time serve notice on the country with which the agreement has been made, for cancellation, and they, after a certain length of time, would revert to the Tariff Commission?

Mr. BROWN. That is my understanding.

Senator MALONE. Isn't that what you want?
Mr. BROWN. I think that is more reasonable.
Senator MALONE. Thank you, Mr. Chairman. That is all.
Senator MILLIKIN. Mr. Chairman.
The CHAIRMAN. Senator Millikin.
Senator MILLIKIN. Assuming that that doesn't happen, assuming the thing comes about that you fear, that there will be an extension of the present act, if injury protection is not enforced: All you want is not to be injured; isnt' it?
Mr. BROWN. That is as far as I think I have authority to speak as to our industry.
Senator MILLIKIN. That is why you are here?
Mr. BROWN. That is right.
Senator MILLIKIN. Thank you very much.
The CHAIRMAN. Senator Williams?
Senator WILLIAMS. No questions.
The CHAIRMAN. Senator Martin?
Senator MARTIN. I have no questions.
The CHAIRMAN. Senator Carlson?
Senator CARLSON. Mr. Brown, I think you made two important points this morning, especially for those who feel we do need some protection for the domestic oil industry in view of the ever-increasing amount of oil imports. You stressed the fact that we do have sufficient reserves in this country to protect the consumer as far as the price increase is concerned for the consumer, and also if we are permitted to operate in secure, efficient domestic production, to keep the prices in line without foreign imports.
What about our reserves in this country?
Mr. BROWN. We have ample reserves. We are now holding back from 20 to 25 percent of our ability to produce, and we have reserves greater than—have total unproduced reserves greater than at any time in our life. So we feel we have plenty of reserves for all future requirements, yes.
Senator CARLSON. Do I understand that through proration and allowables given out by State corporations and other agencies within the States, that production is at the present time limited, domestic production?
Mr. BROWN. That is quite true; yes.
Senator CARLSON. What has been the history of the present prices of oil on the eastern coast, compared with the domestic producing areas?
Mr. BROWN. We found that generally the prices run higher on the eastern coast than they do in the producing areas. There is some justification for that because of the transportation involved. But we certainly haven't seen that the eastern coast has benefited by these excessive imports because when they have increased their imports, prices, instead of going down, have gone up more rapid than in the interior markets.
Senator CARLSON. I believe we have had testimony before this committee by some of the larger oil companies that the greater percent of their production was foreign production and that their imports into this country, that is, the combined imports, have been in excess of 1 million barrels per day, yet it is your opinion that there is no evidence that the consumer has benefited any from a reduced price.

Mr. BROWN. I see no evidence of it at all.

Senator CARLSON. About how many million barrels of oil are consumed on the eastern coast daily?

Mr. BROWN. Have you got that figure, Minor? We have never divided it exactly.

Mr. JAMESON. That should run roughly 40 percent of the United States total. It should run around 3 million barrels a day.

Senator CARLSON. That is a figure I had in mind, somewhere around 3 million barrels a day, of which 2 million is produced domestically and 1 million imports.

Mr. BROWN. Yes.

Senator CARLSON. It is your opinion that even this importation of 33½ percent of oil has not had any impact on the price?

Mr. BROWN. That is right.

Senator CARLSON. Thank you.

The CHAIRMAN. Thank you, Mr. Brown.

(Senator Malone subsequently requested that the following article in the Wall Street Journal be inserted at this point:)

[From the Wall Street Journal, Friday, March 18, 1955]

TWO TRADE PACTS ARRANGED BY UNITED STATES LIKELY TO STIR STORM ON CAPITOL HILL

By Ray Cromley

WASHINGTON.—President Eisenhower is about to stir one of the biggest trade fights in years on Caitol Hill.

On Monday the State Department will make public 2 trade agreements it has negotiated in secret in Geneva the past 2 months at a meeting of the 34 nations that are members of the General Agreement on Tariffs and Trade.

One of these will be an innocuous looking but politically explosive document—a proposal for the United States to join an Organization for Trade Cooperation. It would set up a world organization to sponsor tariff cutting conferences and control trade discrimination. It's filled with technical details about how to run this international body.

The other document is a series of agreements on tariffs and quotas the United States and the 33 other countries agreed to in their secret Geneva talks. Here are some samples:

The United States and the other countries agreed to extend the big tariff concessions they've made since 1947 for another 2½ years to the end of 1957; the United States and the others agreed that "underdeveloped" countries would "temporarily" use quotas to protect some of their industries; the United States and other countries agreed to appear yearly before a bar of judgment on alleged infractions of the comprehensive trading rules they have agreed to.

PRESIDENT WANTS BILL PUSHED

The President has given out the word to his aids to push a bill authorizing United States membership in the OTC with all the weapons they've got. The aim is to bring the pressure of public opinion on Congress.

President Eisenhower also has given out word the second document—with the concessions—is to be treated as an executive agreement and not brought before Congress. The President's advisers think he has this power under the Reciprocal Trade Act which the President has asked Congress to extend for 3 years beyond its June 12 expiration date. A bill to do this, and to broaden the President's tariff-cutting powers has passed the House by a narrow margin and is now before the Senate Finance Committee, where it faces plenty of opposition.

Insiders believe this dual move will split both the Republicans and the Democrats down the middle. Even the President's strong backers aren't certain he will win.

Moreover, some officials fear the GATT agreements might seriously jeopardize the administration's freer trade program, already in hot water in the Senate.

Opposition is mounting to the President's demand for further tariff-cutting power. The protectionist forces surely will be inflamed by a proposal to join a new international trade organization. And their willingness to extend the Reciprocal Trade Act for another 3 years, as the President is asking, won't be increased by the President's claim that it's precisely this law that permits him to agree to the GATT tariff concessions.

The President's decision not to put the trade agreements before Congress also will stir resentment, even though the President has made clear from the beginning he was going to use such powers under the Reciprocal Trade Act without asking congressional sanction.

It will stir up resentment because some businessmen and some Congressmen already are worried that United States tariffs are low enough and that protectionism is already too great in other countries. The extension of past tariff concessions for another 2½ years will bother some Congressmen. Allowing underdeveloped countries to "protect" some of their industries with quotas will bother a lot of legislators—even though this protection reportedly applies only to infant industries and industries going through a change or otherwise in a difficult condition and though the protection is supposed to be allowed for periods no longer than 5 years. These Congressmen probably will emphasize that about half the 34 countries that are partners in the General Agreements on Tariffs and Trade are classed as underdeveloped.

The proposed international trade body will have a lot of enemies. Observers recall 1950, when President Truman tried to get the ill-fated International Trade Organization Charter approved by a reluctant Congress. The congressional storm then raised was so heavy Mr. Truman withdrew his request before the ITO was even brought to a vote. That killed the ITO; few countries wanted to join if the United States wasn't in on it.

WHAT CONGRESS WILL BE TOLD

Mr. Eisenhower's aides will tell Congressmen, in effect, that the trade organization bill they're being asked to approve is meaningless. The President will make it clear to Congress that he already has the power to do everything the international trade body could do, anyway.

This strategy, though it may stir up Congressmen, has been worked out with a purpose. Mr. Eisenhower's lieutenants figure that the ITO lost out because it included a writ of powers which they feel Congress doesn't want to delegate formally to a world body as well as because it included some highly controversial features such as a code of full employment, provisions for a sort of international trust-busting action, and provisions for setting up a series of international commodity agreements.

The team of negotiators President Eisenhower has at Geneva had instructions to come up with a streamlined organization that no one could object to. They argued down European proposals for including trust-busting, full employment promotion and the organization of commodity agreements in the formal organization of the new trade body. They streamlined the powers of the proposed organization and left it more or less a glorified secretariat on the surface.

But the document is so written that the President, with the powers he claims under the Reciprocal Trade Act, can build this trade organization into a strong international body.

WHAT COULD HAPPEN

In reality, a country such as the United States could be called before this world trade body and asked to account for its trading methods. If found guilty of bad practices, other countries could be authorized to impose penalties if the United States didn't reform its ways.

President Eisenhower's aides will play up on Capitol Hill two "victories" the United States achieved at the Geneva talks. They will emphasize the waiver the United States was granted allowing it to continue quotas on imports of some agricultural goods in connection with United States farm programs. They will play down the wide latitude allowed other countries to use import quotas or continue these qutoas when they're in "exchange difficulties."

Our delegates also got an agreement that the United States could continue to use subsidies on some exports, such as grain, provided that the subsidies are not used to secure for the United States more than its share of the world market.

Since that definition is so loose, the United States delegates figure the United States right to use subsidies on agricultural products was given a blanket approval. But other countries were given the same right. And their right to give subsidies on manufactured products at least until January 1, 1958, was approved. This could be a joker, say observers, that could give United States exporters of manufactured goods some stiff competition in the years ahead.

The CHAIRMAN. We have with us this morning the distinguished Senator from Kentucky, the Honorable Earle C. Clements.

STATEMENT OF HON. EARLE C. CLEMENTS, A UNITED STATES SENATOR FROM THE STATE OF KENTUCKY

Senator CLEMENTS. I appreciate the privilege given me this morning to present a witness——

Senator MILLIKIN. Excuse me. I am awfully sorry I have to miss your testimony, but we have to go to another committee. I will read the report.

Senator CLEMENTS. The matter which is being presented here this morning is quite vital to the areas in Illinois and Kentucky.

Senator CARLSON. I hope the distinguished senior Senator from Kentucky will excuse me. I want to attend the same hearing that Senator Millikin wishes to attend.

Senator CLEMENTS. I will make the same statement to cover you, too, that you, like our distinguished friend from Colorado, is interested in the preservation of American industries.

Senator MILLIKIN. Yes, sir.

Senator CLEMENTS. The fluorspar industry is very important to small areas of Illinois and Kentucky. They produced more than 80 percent of all the fluorspar produced in this country. Historically and about 65 percent today. Colorado has recently become the second largest producing State. Utah ranks fourth in production. Since fluorspar has very definite strategic values, I know that you will read the record and that you will give to the statement that is made here this morning all that it is entitled to receive.

Senator MILLIKIN. It will be done with extra zeal.

May I say also that this committee requested the Tariff Commission during the last session of Congress to make a study of fluorspar. My latest information is they have men in the field taking a look at it, but they can't say exactly when they will come up with the report. I am not suggesting that fact as a bypass to what the Senator has in mind, but it is a fact of the situation that illustrates this committee's very great interest in the subject of fluorspar.

Senator CLEMENTS. Senator Millikin, before you leave, let me say to you that is one reason we are here this morning, that the Tariff Commission waited between last August and February to even send out their questionnaires.

Senator MILLIKIN. I suspected that.

Senator CLEMENTS. If there is going to be any action which is to be taken on this matter, I fear it will have to be legislative action.

Senator MILLIKIN. Let me just add that one of the difficulties has been that some of the companies have not responded to the questionnaire with the alacrity with which they perhaps should, but I am very much interested in your subject matter and I will read every word in the record.

Senator CLEMENTS. I am very pleased you made that observation.
Senator MALONE. Mr. Chairman?
The CHAIRMAN. Senator Malone.
Senator MALONE. I want to ask permission to include this dispatch of the Wall Street Journal. I read a small part of it into the record. It is dated Friday, March 18, 1955, and is relative to "Two Trade Pacts Arranged by United States Likely To Stir Storm on Capitol Hill." I would ask permission to insert it in the record following Mr. Brown's testimony.
The CHAIRMAN. That will be done.
(See p. 1930.)
Senator MALONE. I want to say the Senator from Kentucky that I have two other meetings this morning, but I will stay here to hear my friend's testimony.
Senator CLEMENTS. Thank you.
I want to present this morning to the committee Mr. Robert Frazer, of Marion, Ky., a community that is very near the place where I was born and spent my entire life. As a matter of fact, it is an adjoining county. Mr. Frazer represents the American Fluorspar Producers in setting out the problems that face them now and with which they have been faced for some years.
In 1951 only 30 percent, or maybe 31 or 32 percent, of the consumption of fluorspar was imported. Last year approximately 62 percent of the fluorspar used in this country was imported.
Here is an example of what it has done to the fluorspar mines in our area. In this little area in Kentucky and Illinois, where I said more than 65 percent—I think it is 65 or 66 percent—of the fluorspar of this country is produced, there are 3 counties—the counties of Crittenden, Livingston, and Calowell—which mine all the product in Kentucky.
In the mines they normally employ 1,100 people. Today only 49 people are at work in those mines.
I think it is a fair statement—and I take it Mr. Frazer this morning will bring out that point—that those 49 people would not be employed or all of those 49 people would not be employed if they were not themselves, in self-protection, trying to keep their customers that they have been supplying fluorspar all these years by importing some cheaper fluorspar themselves. They can import it cheaper than they can mine it under existing tariff conditions.
I am convinced that Mr. Frazier will make a fine statement here this morning and one I believe that this committee will give real consideration to in view of the fact that fluorspar itself has a very definite strategic value. It is used in steel, aluminum, and high octane gasoline, all of which are important to the defense of this country.
Mr. Frazer, would you——
Senator MARTIN. Might I ask the Senator a question?
The CHAIRMAN. Yes.
Senator MARTIN. You say it is used in the making of high octane gasoline?
Senator CLEMENTS. Yes, sir.
Senator MARTIN. I didn't realize that.
The CHAIRMAN. Mr. Frazer, we are glad to have you, sir. Will you take a seat.

STATEMENT OF ROBERT N. FRAZER, REPRESENTING AMERICAN FLUORSPAR PRODUCERS, ACCOMPANIED BY JOHN BRECKINRIDGE

Mr. FRAZER. Thank, you, sir.

I have with me Mr. Breckinridge, who is attorney for the American Fluorspar Producers.

I have here a statement that I will read only part of, skipping sections to save time for this committee, but I would like very much for all of it to be copied in the record.

The CHAIRMAN. Without objection, it will be put in the record.

Mr. FRAZER. Mr. Chairman, my name is Robert N. Frazer. I appear here today on behalf of the committee representing American fluorspar producers, which is a committee appointed by the American fluorspar industry to represent it in national security and tariff matters. In addition to myself, the committee is composed of the following:

A. H. Stacey, president, Victory Fluorspar Co., Elizabethtown, Ill.;

Clyde L. Flynn, Jr., partner, Hicks Creek Mining Co., Elizabethtown, Ill.;

J. Blecheisen, president, Rosiclare Lead & Fluorspar Mining Co., Rosiclare, Ill.;

F. B. Chesley, secretary, Delta Associated Fluorspar Producers, Delta, Utah.

I am also president of the Kentucky Fluorspar Co., which is located in Marion, Ky., with which I have been actively associated in mining and milling fluorspar for 32 years—all of my adult life.

Overall position with respect to trade agreements and H. R. 1: The overall position of the domestic fluorspar industry is that the operation of the trade-agreements program has been particularly harmful to the domestic mining industries of the United States. It threatens to be harmful to our industrial economy as a whole which is so dependent upon the efficient, prosperous, and expanding natural-resource industries of the United States.

Our position is the same as that of the American Mining Congress which was very ably presented to this committee on March 7 by Mr. Howard I. Young. In order to conserve the time of the committee and to avoid repetition we would merely like to endorse Mr. Young's statement and urge upon the committee its very careful consideration of the serious import problems faced by the many American mining industries and the remedial recommendations made by Mr. Young.

We also heartily endorse the philosophy and recommendations which have been made to this committee by the lead and zinc industries and by representatives of the American coal producers and the independent oil producers of the United States.

The domestic fluorspar industry felt it essential to supplement the statement and recommendations of those other mining industries whose problems are similar to its own, because the tremendously increasing imports of fluorspar have created such a serious unemployment problem in the fluorspar-producing areas and such a serious threat to our national security, which is so dependent upon domestic production of fluorspar in time of emergency or war. The situation

is already so acute as to require an emergency limitation on imports of fluorspar by this committee and this Congress along with any action it may take with respect to H. R. 1.

With approximately 70 percent of the American fluorspar miners unemployed and with two-thirds of the domestic fluorspar mines closed and deteriorating from water seepage and otherwise, our import problem cannot await the indefinite and indeterminable delays of the administration. We cannot rely on the nebulous hope of maybe some administrative relief that might be forthcoming in the indefinite future as a result of amendments which might be made to the Trade Agreements Act in this bill. There is no administrative remedy that can solve the problem.

Our situation is desperate—the near complete collapse of the domestic fluorspar industry caused solely by increased imports, equaling 62 percent of domestic consumption in 1954, is acute and immediate. Our unemployment and the serious threat to the security of our Nation can be corrected only by legislation enacted immediately on an emergency basis. If we wait another year or two while the mass of administrative agencies study the problem, there just absolutely will not be any substantial domestic fluorspar industry left. Even with the deterioration that has already occurred in closed mines, the domestic mines cannot be restored to normal full production in less than 2 years. If the situation is not corrected in the immediate future the mines will be beyond redemption.

Mr. Chairman, we have a copy of the brief that was filed with the Tariff Commission which we would like to leave with this committee for further study.

Senator MALONE. Will you make it a part of the record?

The CHAIRMAN. It is rather a long one.

I would like a notation to be put in the record that the report has been received and it is available to anybody who wishes to inspect it.

Senator MALONE. May the witness pick out the highlights and have that appear at this point?

The CHAIRMAN. The witness may do that if he wishes.

(The brief referred to is available in the committee's files.)

The CHAIRMAN. You may proceed.

Mr. FRAZER. Description and uses of fluorspar:

Fluorspar (or fluorite) is a moderately hard transparent or translucent mineral. It varies in color from pure white through pink and yellow to deep purple. When fully refined it is a chemical compound consisting of 51.1 percent calcium and 48.9 percent fluorine, commonly called calcium fluoride. I have some samples here to show you.

Fluorspar, although its production in the United States employs only about 3,000 persons, is one of the most highly critical and strategic materials in times of emergency or war when foreign supplies are cut off. Although used in relativetly small quantities, fluorspar is absolutely essential, without acceptable substitutes, in the production of steel, aluminum, high-octane gasoline and the atom bomb, to mention only a few of its highly strategic and critical uses. Fluorspar is second in importance to uranium in the production of atomic energy. Its other essential uses in industry, outlined in attached appendix A, are too numerous to mention here. Fluorspar is one of the most important raw materials to our industrial economy.

The highly critical and strategic importance of adequate domestic fluorspar production in time of emergency or war is so well recognized that it need not be discussed further at this point.

The CHAIRMAN. May I ask a question there. What is the consumption in this country of fluorspar?

Mr. FRAZER. The total consumption averaged 481,110 tons in 1950-52. It increased to 586,798 tons in 1952 but declined to 478,641 tons in 1954.

The CHAIRMAN. How much is furnished domestically?

Mr. FRAZER. I have a little further statement here on that.

The CHAIRMAN. All right. Go ahead.

Senator CLEMENTS. Last year about 50–50.

Senator MARTIN. You mean about 50 percent imports and 50 percent domestic; is that what you would say?

Senator CLEMENTS. This past year, yes, and an additional quantity of imports went into stockpile.

Mr. FRAZER. Sixty-two percent imported in 1954 of consumption.

Senator CLEMENTS. That is taking into consideration the stockpile material that was used, is it not?

Mr. FRAZER. It is; yes, sir.

Senator CLEMENTS. I think that is right.

The CHAIRMAN. What is the gross value of the total consumption of fluorspar?

Mr. FRAZER. The fluorspar business, all in all, is a rather small business, on the whole. I would say 25–30 million dollars a year.

The CHAIRMAN. Twenty-five million; and half of it, approximately, is being imported?

Mr. FRAZER. Over half of it is being imported; yes, sir.

Senator MARTIN. Mr. Chairman, could the witness break down the use, so much for steel and so much in the making of high octane gasoline? Could you give us a breakdown on that?

Mr. FRAZER. Those tables will be included with the statement.

Senator MARTIN. I am sorry. I was going to ask one other question. Maybe that is in your statement.

How many concerns are there in the industry in our country?

Mr. FRAZER. In our country, prior to 1953, I would say there are probably 60 different principal fluorspar producers, also there are many small producers known as prospector contractors.

Senator MALONE. How many are there now?

Mr. FRAZER. Today, I don't know. I would say 20, maybe, are still in operation but not on a full production schedule.

Senator MALONE. Most of those are just hanging on, are they not?

Mr. FRAZER. Just barely hanging on.

Senator MALONE. Waiting to see what Congress is going to do?

Mr. FRAZER. Hoping Congress will do something.

Senator MALONE. Will do something about it.

Mr. FRAZER. Imports and domestic production in relation to domestic consumption: There are attached hereto a set of tables which summarize the Government's statistics concerning imports and domestic mine shipments in relation to domestic consumption; also, proven crude ore reserves and domestic production capacity in relation to domestic consumption.

I will not discuss these tables in detail but merely point out that imports for consumption have increased from a prewar 1937–39 aver-

age of 24,329 short tons annually and a postwar 1946–49 average of only 78,955 tons, equaling 15 percent and 21 percent, respectively, of domestic consumption to an annual average of 232,693 tons during the 1950–52 period. Imports have increased still further to 360,821 tons in 1953 and 294,543 tons in 1954. Imports have exceeded domestic mine shipments in every year since 1951. In 1954 imports for consumption equalled 120 percent of domestic mine shipments and 62 percent of domestic consumption. General imports were even higher—318,355 tons or 67 percent of shipments. This has occurred even though American reserves and existing mining and milling facilities are adequate to meet total consumption requirements. (See tables 3, 4, and 5 attached.)

In the case of metallurgical fluorspar which normally accounts for a little over half of the domestic production, and which is so essential to our great steel industry, domestic mine shipments declined to only 27 percent of consumption during 1954. Shipments have declined even further during 1955.

Production of metallurgical fluorspar in the United States is practically nonexistent today. The few mines that are still producing small quantities are doing so only at a substantial loss and on a distress basis in an effort to keep the mines in operating conditions in the hopes that this Congress will provide some relief in the form of a limitation on imports.

Most mines closed:

Most of the American mines are closed today. Of the 29 principal producing mines in Kentucky only 5 are in operation today. Of the 12 principal mines in Illinois only 5 are producing currently. In the Western States, of the 18 principal producers only 10 reported any production to the Bureau of Mines during the fourth quarter of 1954. The Reynolds Metals Co. closed its operation just last month.

Thus, of the 59 principal fluorspar producers in normal times, only 19 are producing fluorspar at the present time. In addition to these principal producers, there are large numbers of small fluorspar properties, sometimes refered to as prospects, normally producing fluorspar and practically all of these are closed as of today.

Two-thirds of miners unemployed today:

A recent survey of unemployment was made in the Kentucky-Illinois fluorspar districts. In Kentucky, normal employment in 1952 averaged 1,158 persons and today only 49 people are working. In Illinois normal employment was 1,210 and today only 683 persons are employed. Only last month the Reynolds Metal Co., closed its fluorspar mining operation in Colorado where approximately 50 people were normally employed. Today there are none. The Delta fluorspar area of Utah normally employes about 35 fluorspar miners. Today only two are working. Thus, in these areas where relatively accurate estimates of employment are available, 70 percent of the miners are unemployed, with employment dropping from a normal of 2,453 to only 734. In addition to these areas of known employment it is believed that an additional 600 miners are normally employed throughout the Western States and it is believed that approximately 200 of them are unemployed today. Thus, out of a normal total employment of approximately 3,000 persons, only about 1,000 are working today. Approximately two-thirds are unemployed and most of those are actually

on the relief rolls, having already exhausted their unemployment compensation.

I have a telegram that was sent to me by John Guess, judge of Crittenden County, and Emmett Rodgers, chairman of the Good Fellows Club. They learned I was coming to Washington to appear before this committee. It says:

Entirely due to closing of our fluorspar mines in this district caused by the dumping of foreign fluorspar, this county is in a deplorable condition, as some 1,100 men are out of employment but who were working full time prior to 1954. As their unemployment payments ran out, 1st of December, conditions became critical. Our investigators found some 200 families without food and clothing, children were unable to attend school for lack of shoes and clothing. Representatives of the churches and service clubs met and organized the Good Fellows, raised funds, gathered clothes, bought food, coal, and shoes for children and grownups. This fund is exhausted. Through the cooperation of the fiscal court, Government surplus food was secured in late January—4,300 pounds beans, 800 pounds cheese, 300 pounds shortening, 500 pounds butter, 350 pounds rice, which is being distributed to 157 families with 429 children. But this has not alleviated these peoples plight as there is no flour or meat available. Also there is no industry in this district to employ these men who are willing and able to work.

And I also have some letters that the city of Marion and the mayor of Rosiclare, Ill., wrote when they found I was going to appear here. They are too long to read, but I would like to put them in the record.

The CHAIRMAN. Without objection, they may be inserted.

(The letters from the city of Marion, Ky., and the city of Rosiclare, Ill., are as follows:)

CITY OF ROSICLARE,
Rosiclare, Ill., March 19, 1955.

Re H. R. 1.

SENATE FINANCE COMMITTEE,
Washington, D. C.

DEAR SIRS: The writer of this letter is the mayor of Rosiclare, Ill., and was born and raised here—a matter of more than 50 years.

Hardin County, Ill., has a population of approximately 7,500 persons; it has 3 principal municipal areas—Rosiclare (2,100 population); Elizabethtown (600 population); and Cave-In-Rock (600 population); the remaining area of Hardin County is strictly rural.

Hardin County is located in the southeast of Illinois on the Ohio River. Its primary source of income for its citizens during the past 50 years has been the mining of fluorspar. Hardin County has accounted for more than 50 percent of the total output of United States fluorspar regularly for more than 50 years; the country's outstanding fluorspar mines are located here.

The other most important fluorspar area is across the river from us in Kentucky—Crittenden and Livingston Counties. The Illinois and Kentucky combined area has accounted for more than 75 percent of the country's output of fluorspar, for more than 50 years.

In Hardin County, during 1952, approximately 1,200 persons were employed in the fluorspar business; today there are approximately 600 employed; widespread need and want exist in the county—as of the latest report of the Public Aid Commission of Illinois, there were 731 persons in Hardin County receiving public aid, which is a relative percentage of 97 out of 1,000—and this is a very high percentage relationship for public aid.

Additionally, as of this time, approximately 200 persons are on the unemployment compensation rolls—so that we have approximately 900 persons who are dependent upon the State in one form or another for their sustenance and living. The number of persons who would be collecting unemployment insurance would be higher were it not for the fact that they have exhausted their unemployment rights having been unemployed for more than 26 weeks.

In December 1954 the United States Department of Labor classified Hardin County as a IV-B labor surplus area—this means that idle labor with respect to the work force is extraordinarily high.

The depressed economic condition of Hardin County, in the writer's opinion, is due to the inundation of foreign fluorspar upon our domestic markets. Today more than 50 percent of the United States consumption of fluorspar is foreign fluorspar; whereas, 10 years ago foreign fluorspar represented only 10 percent of the United States consumption. Also, foreign imports have demoralized the price structure of fluorspar. In 1952 the price of domestic metallurgical fluorspar used by the steel mills (60 percent fluorspar) was $40 per ton, f. o. b. shipping point; today, it is $26 per ton—this sales price decline has occurred despite the fact that the American wage structure generally, including that of the fluorspar operators, has gone up since 1952.

Fluorspar is a critical and strategic material and has been so denominated by the Office of Defense Mobilization.

Very truly yours,

OTIS LAMAR,
Mayor, City of Rosiclare.

CITY OF MARION,
Marion, Ky., March 19, 1955.

Mr. ROBERT N. FRAZER,
Marion, Ky.

DEAR SIR: We are informed that you are going to Washington, D. C., during the coming week to appear before the Senate Finance Committee in regard to the fluorspar condition in Crittenden County, Ky., and as officials of the city of Marion, which is the county seat of Crittenden County, Ky., and the center of the fluorspar industry, we would like for you to point out the following facts to the Senate Finance Committee, and we believe that these facts show the true condition of the financial difficulties now being encountered by the people of Marion, Crittenden County, Ky.

We have discussed this matter with the officers and members of Crittenden County Development Association, and they tell us that their association has made a recent survey of all the businesses in Marion, Ky., and that all the business houses have informed them that their volume of business is down ranging from 25 to 50 percent of what it was a year ago, which indicates that there is an acute depression in and around Marion and Crittenden County, Ky.

We have also made a general survey of the town and find that there are now 2 or 3 empty business buildings and as many as 35 to 50 empty dwellings in our town, which indicates that no new businesses are being started and old businesses are being discontinued, and that during the last 6 months there have been from 35 to 50 families moved away and left our community.

In making this survey we find that there is only 1 filling station being built, and only 1 new dwelling being built in our town at the present time, with some additions being made to 1 or 2 of the local churches, which is far below our building program of a year ago.

We have contacted Mrs. Anna Gilbert, the lady who has been employed by the fiscal court to distribute free food and provisions being distributed by the Agriculture Department, and she has given us the following information: There are now 103 families (consisting of 608 persons) who have applied for free food and provisions, and who are now receiving these commodities from the Agriculture Department, and that there are an additional 42 families (consisting of 105 persons) who have made application for these commodities, making a total of 145 families (consisting of 753 persons) now receiving or requesting free food and provisions in Crittenden County, Ky.

We have made a general survey of the county and we cannot give you accurate figures, but the best estimate we can give is that there have been at least 150 families who have moved away and left Crittenden County within the past 6 months.

From these facts we believe that our Senate Finance Committee can readily see that we are in real difficulties down here in Crittenden County, Ky.

Any assistance which you and our Government at Washington can render this community will be greatly appreciated.

Respectfully submitted.

SYLVAN CLARK,
Mayor.
J. A. SIMPKINS,
W. J. WILLIAMS,
H. D. SULLENGER,
R. C. NICHOLS,
EUGENE HUGHES,
Members of the City Council of Marion, Ky.

The CHAIRMAN. Do you desire the statement of Thomas F. Carpenter, of the United Mine Workers of America, to appear?

Mr. FRAZER. Yes. On October 19, 1954, Mr. Thomas F. Carpenter, speaking for the United Mine Workers of America, made a very good statement before the Tariff Commission concerning the desperate plight of the fluorspar miners and the many communities which are almost wholly dependent upon the fluorspar mining industry.

Mr. Chairman, I would like to offer a copy of Mr. Carpenter's statement for inclusion in the record at the end of my statement.

The CHAIRMAN. Without objection, the statement of Thomas F. Carpenter, of the United Mine Workers of America, will be inserted in the record.

(The statement of Thomas F. Carpenter, United Mine Workers of America, appears at the end of Mr. Frazer's statement.)

Mr. FRAZER. Adverse effect on fluorspar communities: In addition to the personal suffering of those normally employed directly in the fluorspar industry, collapse of the industry has been and will be as disastrous, if not more so, to the fluorspar communities which are dependent upon the income and purchasing power derived from fluorspar mining. There are no substantial alternate industries in the fluorspar mining areas which can absorb laid-off fluorspar workers or support the communities without fluorspar production. On October 19, before the Tariff Commission, Mr. Thomas F. Carpenter, speaking for the United Mine Workers of America, said:

> With the disappearance of American fluorspar from the market, the American workers in the industry are made idle and are in an area where there is no substantial alternate industry in which they can be employed. Many of these people have been unemployed for more than a year, have used up all unemployment compensation, and are now living on the bounty of the Government and local charities.
>
> It is morally wrong to permit these American workers and their families to live on charity while their product is in demand.

At the same hearing Mr. Clyde Flynn, speaking for the Illinois director of mines and minerals, made the following statement:

> The mines are closed, the machinery is deteriorating rapidly, the miners are unemployed; unemployment compensation has been exhausted; the area has been declared to be a distressed labor area, and when I left there last week, provisions were being made at the time to distribute surplus food to the indigent workers.
>
> I might add here that I attended the county board meeting in Hardin County and that the local county's finances, which are entirely dependent upon the fluorspar industry, were so exhausted that the county itself did not have sufficient money at that time to even pay the transportation costs of the surplus food that was being given to the State to distribute.

In the brief which we have supplied the committee, I would like to call your attention particularly to the section entitled "Unemployment Caused by Excessive Imports" beginning at page 61 and the section entitled "Adverse Effect on Fluorspar Communities" beginning on page 64.

I also have here a few letters from other economic elements of the fluorspar communities showing how seriously other businesses, relief organizations and the health of the population has been affected. I would like to offer these for the record. I would like to read just one telegram as an example.

Previous action of this committee:

This committee has previously recognized the desperate plight of our industry and the resulting threat to our national security. On

August 14, 1954, this committee passed a resolution directing the Tariff Commission to make a study of the conditions existing in the domestic fluorspar industry as a result of increased imports, and in his letter transmitting this resolution to the Tariff Commission, the chairman indicated his confidence that the Tariff Commission would report as early as possible in 1955 in order that the Congress would have adequate time to take such corrective action as it might find to be necessary.

It was fully expected by the industry and its representatives in Congress, and I am sure by this committe, that the Tariff Commission would have completed its study and would have made its report to this committee by January or February so that this committee could consider the findings in connection with its study of other foreign trade problems and prior to its action on this particular bill, H. R. 1, which was fully anticipated at the time of the committee's resolution in August of 1954.

Tariff Commission investigation delayed:

However, the inexcusable delays in the Commission's staff investigation now make it apparent that this committee and the Congress cannot expect a report before May or June, at which time it would be too late for the Congress to take action even if it saw fit to do so. The Tariff Commission instituted its investigation in mid-August last year and held a public hearing therein on October 19 and 20, 1954. In such investigations the Tariff Commission normally sends out comprehensive questionnaires to the American producers, consumers, and importers of the product concerned. In the fluorspar case such questionnaires had not been sent out until over 6 months after the investigation was started. We cannot understand any reason for such inordinate delay in any investigation directed by this committee.

Also, inquiries of the Tariff Commission by our representatives in Congress give neither us nor this committee any hope of receiving the report from the Tariff Commission in time for the Congress to take legislative action at this session of Congress. The most recent inquiries have resulted only in the statement that some of the large consumers and importers have not yet returned their questionnaires and that the staff cannot complete its preliminary studies until such questionnaires are received. Surely this committee and this Congress will not permit this industry and the security of the United States to continue suffering merely because the Tariff Commission investigation, now pending over 7 months, is to be further delayed by importers.

Recommended relief:

Under the circumstances of such delay, even if unavoidable, we urge that this committee and this Congress take immediate action to limit the imports of fluorspar to 25 percent of the domestic consumption requirements (exclusive of Government stockpile purchases), such limitation to be subject to review and modification in the future at such time as the Tariff Commission and the administration is able to complete its study and make its recommendations to the Congress.

Information already available to this committee offers adequate confirmation of the desperate plight in American fluorspar production and the consequent serious threat to our national security. It also offers abundant justification for this committee and this Congress taking remedial action on an emergency basis pending completion of the Tariff Commission and administration study of the problem.

There is available a Tariff Commission report on its study of the domestic fluorspar industry completed in 1952 as a result of its continuing study of natural resource commodities essential to our national defense (Industrial Materials Series, Report No. M–5). Copies of this report are available to the committee from the Tariff Commission.

Also more current information concerning the plight of the fluorspar industry is available to the annual and quarterly reports of the United States Bureau of Mines.

We are confident that an inquiry from this committee to the Department of the Interior will confirm the serious unemployment problem in the industry and the collapse of domestic mine production which has resulted from increased imports equaling 62 percent of American consumption. Such inquiry will also confirm the serious threat which this decline in domestic fluorspar production presents to our national security in times of emergency and possible war such as these.

We feel confident that the Department of Interior, the Department of Defense and the Office of Defense Mobilization will all confirm to this committee the need for emergency action to limit imports of fluorspar pending completion of the administration study and the presentation of a detailed long-range program and recommendations to the Congress.

Emergency provision recommended for inclusion in H. R. 1:

In order to provide emergency and immediate relief to the domestic fluorspar industry and enable it to commence the restoration of its production and the reemployment of approximately 2,000 fluorspar miners now unemployed, we recommend that the following new section be added at the end of H. R. 1:

SEC. 5. (a) It is hereby recognized that the continued dependence on foreign sources of supply for fluorspar (fluorite) during periods of threatening world conflict gravely endangers the present and future economy and security of the United States. It is therefore declared to be the policy of the Congress that imports of foreign fluorspar shall be limited to such minimum quantities as may be required to supplement American production in order to adequately supply the consumption requirements of domestic industries and adequate national stockpile reserves; and that each department and agency of the Federal Government charged with responsibilities concerning the discovery, development, production, and acquisition of fluorspar shall undertake to decrease further and to eliminate if possible the dependency of the United States on foreign sources of fluorspar.

(b) The total quantity of fluorspar which may be imported into the United States, or withdrawn from warehouse, for consumption during the last 6 months of 1955 or any calendar year thereafter shall not exceed 25 percent of the total domestic consumption of fluorspar (as determined by the United States Bureau of Mines) during the corresponding period of the previous calendar year: *Provided*, that the important quotas established under this section may be increased by the President for such temporary periods as he finds that current domestic production plus existing stocks, imports and permissible releases from the national stockpile (within safe limits of the national stockpile objective) are not sufficient to supply the current domestic consumption requirements: *Provided further*, that Government purchases of foreign fluorspar for the national stockpile, shall not be counted as part of the import quota established.

(c) Prior to March 31, 1957, the President shall report to the Congress the progress made toward achieving the objectives of this act of increasing the domestic discovery, development and production of fluorspar and reducing or eliminating our dependence upon foreign sources of supply, and make such recommendations for the modification of the provisions of this section as he deems appropriate and necessary in the national security interest of the United States.

This provision would limit imports of fluorspar to 25 percent of domestic consumption during the last 6 months of 1955 and in subse-

quent calendar years until the administration completes a study of the fluorspar problem and makes recommendations to the Congress. During this interim period, it is believed that such imports, together with increasing domestic production and existing excessive stocks of fluorspar already in the United States will provide adequate supplies to meet current consumption requirements. However, in the event that such should not be the case, and in order to prevent any shortage of fluorspar in the United States, it is provided that the President may increase the quantity to be imported when he finds that current supplies are insufficient to meet current consumption requirements.

It is also provided that any foreign purchases by the Government which it finds necessary to our national stockpile objectives shall not be included as part of the import quota.

We feel that these provisos for adjustment by the President will prevent any possibility of a shortage in current supplies developing during this interim period.

This proposal also provides that the President must make a report to the Congress not later than March 31, 1957, as to the progress achieved under this provision and to make recommendations for such modifications of this provision as he feels necessary and appropriate to the national security interests of the United States.

In closing we would like to thank the committee for the opportunity of appearing and presenting our views and recommendations with respect to this very important legislation.

Senator BARKLEY. I am sorry I am a little late, Mr. Frazer. I was not advised that you were to appear here as a witness until just a short while ago.

I am not going to ask you to repeat anything. You have set out in your statement the proportion of imports to domestic consumption, and the increase in domestic consumption by the discovery of fluorspar mines in the West, and you have gone into that in your statement?

Mr. FRAZER. Yes, sir.

Senator BARKLEY. I won't ask you to repeat. I am familiar with the fluorspar situation in west Kentucky, as you know.

Mr. FRAZER. Yes, sir, I know you are very familiar with our problem.

Senator BARKLEY. I can't think of anything in addition to what you have stated that I need to inquire about, I am pretty familiar with the situation. The main think is to try to find out accurately, if we can, whether our own domestic production is sufficient for our domestic needs, and if not, what the shortage is, and to what extent the increased production of fluorspar in the United States has affected our mines in west Kentucky and southern Illinois, and also the extent to which the importation has affected it, so that we can judge upon all of those factors what the situation is.

Mr. FRAZER. All of that is covered, Senator Barkley, in our brief which was filed before the Tariff Commission, and a copy of which we have furnished for the committee's study.

Senator BARKLEY. That will contain that information, then.

Thank you very much.

The CHAIRMAN. Senator George.

Senator GEORGE. Mr. Frazer, is it the opinion of those familiar with this industry that our production is sufficient to supply domestic requirements?

Mr. FRAZER. We can't supply the entire domestic requirements at the present time because the mines are closed down, due to imports, and it will take a considerable time to reopen them and get back in full production. But we can supply up to 70 or 75 percent within the next 2 years if we get a limitation on imports. In the long run our production facilities are sufficient to supply all of current consumption as shown in tables 3, 4, and 5 attached to my statement.

Senator GEORGE. Seventy to seventy-five percent?

Mr. FRAZER. Yes, sir, and more if imports are limited and we get back on a profitable basis and full production.

Senator GEORGE. If your mines were all producing, you could do that?

Mr. FRAZER. Yes, sir.

Senator GEORGE. You are not doing that now, are you?

Mr. FRAZER. No, because practically all of the mines are closed down.

Senator GEORGE. I noticed from your statement that that was the case. But I didn't catch just how much you could supply of the domestic consumption. And you say about 70 to 75 percent?

Mr. FRAZER. Yes, sir; within the next 2 years as closed mines are reopened. In the long run at profitable price and full production we could supply all of the current consumption.

Senator GEORGE. That is all.

Senator BARKLEY. Let me ask this: How much trouble or expense would it be to reopen these mines that have been closed? I understand also that the mine in Mexico, Ky., which has been operated by the United States Steel Corp. to produce fluorspar for its own use in its steel mills has closed out. Do you set that our here and give the reason for it?

Mr. FRAZER. I failed to do that, Senator. But the United States Steel Corp. has had the property in the fluorspar district in Kentucky for over 35 years that I know about, and they have operated this particular mine that long. They have got millions of dollars invested, and the most modern and up-to-date and efficient mining and milling machinery that is obtainable, and yet they can buy imported fluorspar so much cheaper and save so much money by doing so that they have closed down that large mine at Mexico which employed about 300 men, and let it fill up with water.

And to open a mine like that would be most expensive, and it would take some time to do it.

Senator BARKLEY. Are any of the other mines that have been closed down filled with water?

Mr. FRAZER. The Inland Steel Co. also owns large tracts of fluorspar property in Kentucky. And they did own several tracts in Illinois, and a large mill over there. We bought the Illinois properties. But they retained their Kentucky properties. They shut their mines down and laid off 150 men, probably. And they took their mill and moved it to Brownsville, Tex., where they could get cheap Mexican fluorspar from across the border and mill it there and reship it up to their steel mill at Chicago. And they shut this mine down in Kentucky simply because they could buy this imported fluorspar so much cheaper than they could produce it themselves.

Senator BARKLEY. Are any of the other mines not owned by the big steel companies filled with water?

Mr. FRAZER. Yes, sir; there are any number of them, in fact. I have some pictures which I would like to submit for the committee to see. Pictures that show how vegetation, bushes, and grass have grown up around abandoned mine buildings and tipples. The picture of the largest operation that is included in the group is that of the United States Steel Corp.

Senator BARKLEY. How expensive an operation is it to get the water out and open the mines, if they could do so, approximately?

Mr. FRAZER. That is a hard question to answer, because there are so many variable conditions. It depends on how much water you have got. You take the Rosiclare mine in Illinois, they used to employ about 250 men, and they pump about 6,000 or 7,000 gallons of water a minute. That is an enormous quantity of water. And it costs them probably $7 or $8 per ton of ore produced to pump that water.

Senator BARKLEY. Is there any difference in the quality of this fluorspar produced in western Kentucky and southern Illinois than that produced in Colorado and Utah and in Mexico?

Mr. FRAZER. Practically all of the fluorspar ore produced in the United States is of the same quality. And frankly, I have to admit that some of the Mexican production is of a higher grade than that produced in the States, largely because it is a new field, it has just been discovered in recent years. They are mining the cream off the top, the higher grade, and leaving the lower grade alone, and they are shipping the higher grade to the United States. This will not take too long. The quality of the calcium fluoride content in the Mexican and other foreign ore is the same as ours. Both are identical.

Senator BARKLEY. That is all.

Senator GEORGE. Is this mining, deep mining?

Mr. FRAZER. In Kentucky and Illinois it varies from 50, 75 feet, to as much as 850 or 900 feet. Most mines are 250 feet or more deep. And there are fissure veins in both Kentucky and Illinois, and down in Mexico, I have been down there many times, and they have little development cost, there is very little exploration cost, the fluorspar there, in some cases, sticks out of the bare mountainside.

Senator GEORGE. Surface mining?

Mr. FRAZER. That is right. And because of their low wages, less than an eighth of ours, they can mine it so cheaply we haven't got a chance to compete. Down there they pay 60 cents a day for labor, and a day is sunup to sundown.

The CHAIRMAN. What is your average price per ton?

Mr. FRAZER. Prior to 1953, our average price for metallurgical gravel fluorspar was $40 per ton.

The CHAIRMAN. What does it cost you to produce it?

Mr. FRAZER. And today we have our price down to $25.50 or $26 a ton, and we still can't compete with them. And that is below the cost of production.

The CHAIRMAN. What does it cost to produce?

Mr. FRAZER. It is variable. I know in our case the cost of production is in excess of what we get for it, because our 1953 and 1954 tax returns both show a very substantial loss.

The CHAIRMAN. You have been meeting the foreign importation price, I assume?

Mr. FRAZER. Not at all, not fully, I mean. We have tried to, but it is impossible to compete with them.

The CHAIRMAN. What is the price of the foreign ore f. o. b. an American point?

Mr. FRAZER. Well, for Mexican fluorspar, it goes as low as $18 at the border point, duty paid.

The CHAIRMAN. And most of the foreign ore comes in from Mexico, does it?

Mr. FRAZER. About half of it comes in from Mexico. But we have also got to compete with Newfoundland, Canada, and Spain and Italy, Tunisia, South Africa, Germany, France, and I think some from England, and just recently I read in the Engineering and Mining Journal where a company in Spain was going to install a new flotation plant capable of producing 300 tons of acid fluorspar per day. And that is in addition to the glut on the market we have got now.

Senator GEORGE. What is the duty on it now?

Mr. FRAZER. There are two duties on the fluorspar, which to my way of thinking is not quite fair. There is a duty of $7.50 per short ton on any fluorspar containing less than 97 percent calcium fluoride, and on any fluorspar running 97 percent calcium fluoride or higher there is a duty of $1.875 per short ton. In other words, the higher priced commodity carries a lower rate of duty. It is the only case I know of in our entire tariff schedule where the higher valued product carries a lower duty.

Senator GEORGE. It looks like it is reversed.

Mr. FRAZER. Yes, sir.

Senator GEORGE. What is the reason for that?

Mr. FRAZER. The reason for it, sir, was that back in the 1920's there wasn't too much acid fluorspar consumed in the United States, there was just a very small percentage of the overall production. And the domestic producers didn't have a method of producing or preparing for market the acid fluorspar requirements. And these higher grades, the acid grades, were available in South America, largely. And in order to influence the production or the importation of acid grade fluorspar, they made a breaking point of 93 percent of calcium fluoride or better for the lower rate of duty. Later when importers began shipping only fluorspar containing above 93 percent CaF_2, the breaking point was increased to 97 percent, or actual acid grade. Now the importers are sending in acid grade for metallurgical purposes.

The CHAIRMAN. Which is imported to a greater extent, the lower grade or the higher grade?

Mr. FRAZER. I believe it is about 50–50 today.

Senator GEORGE. Does the higher grade go into production in this country?

Mr. FRAZER. The higher grades are used by the aluminum industry to make hydrofluoric acid, from which in turn they make a synthetic cryolite in the production of bauxite ores to extract the aluminum, and it is used to manufacture hydrofluoric acid, which in turn is used in the atomic energy program in breaking down the uranium—it is too deep for me, but that is what they use it for, the acid grade. And then they use it for chemicals and chemical compounds. I am sure you read about putting hydrofluoric acid (fluorine) in drinking water to make the teeth of children sounder and to prevent decay.

Senator BARKLEY. Did the dentists object to that?

Mr. FRAZER. No, sir; they approve of it.

Senator BARKLEY. Let me ask you this. When this differentiation in the tariff, the lower rate for the higher grade and the higher rate for the lower grade, was put in, it was not contemplated, was it—or was it that the high grade would be used for industrial purposes?

Mr. FRAZER. It was contemplated that it would be used for the production of hydrofluoric acid. But it wasn't contemplated that it would be used in the production of steel, or for other uses which are now shipping in the high grade product at the lower rate of duty and using it as metallurgical or ceramic uses.

Senator BARKLEY. Would the equalization of the tariff on the different grades be of any assistance to the industry here?

Mr. FRAZER. No, sir. Even the higher duty of $8.40 per long ton has not ever retarded imports. That is our trouble.

Senator BARKLEY. Do you ship the raw ore out of these mines, or does it go through any process of refinement before you ship it?

Mr. FRAZER. Practically all of the production of the Kentucky-Illinois field must be milled and beneficiated: in other words, you have got to get the impurities out of it, such as quartzite, silica, calcium carbonate, shale.

Senator BARKLEY. I read in my hometown paper the other day that they found some use for fluorspar down in Paducah in the atomic plant.

Mr. FRAZER. Yes, sir; they use large quantities both at Oak Ridge and Paducah. That is one reason that Pennsylvania Salt built a big hydrofluoric acid-producing plant at Calvert City.

Senator BARKLEY. How much do they use?

Mr. FRAZER. I believe that one plant alone uses close to twenty or twenty-four thousand tons a year.

Senator BARKLEY. What are the mines in western Kentucky or southern Illinois—it is all the same field, isn't it?

Mr. FRAZER. It is all the same area, only divided by the Ohio River.

Senator BARKLEY. It crosses the river there. What are they capable of producing?

Mr. FRAZER. Tonnagewise?

Senator BARKLEY. Yes.

Mr. FRAZER. I would say the Illinois-Kentucky field can produce a quarter of a million to 300,000 tons a year. Colorado has become a big fluorspar-producing State, I think it has passed Kentucky now, and ranks second. Utah is also a big producer, ranking fourth.

Senator BARKLEY. How recent was that discovery out there?

Mr. FRAZER. Colorado has been producing fluorspar for a number of years, but only in the last few years has production increased substantially. And that is largely due to corporations like Reynolds Metal and Kaiser Aluminum, General Chemical, and other big hydrofluoric acid consuming industries.

Senator BARKLEY. The steel plant in Utah that was established during the war is still operating, and I think that would use some of it, too, wouldn't it?

Mr. FRAZER. Yes, sir. They formerly bought from the Delta, Utah, producers; but even they, I understand, are able to buy Mexican fluor-

spar cheaper than they can produce it in Utah. In fact, out of 35 that were employed in the Delta, Utah, mines a few years ago or a year or so ago, there are only two working there now.

Senator BARKLEY. That is all.

The CHAIRMAN. Senator Martin.

Senator MARTIN. Could the witness furnish us with the amount that is imported from the various countries outside of Mexico, and what the wage is of those various countries? I mean, the amount from Germany, Spain, Great Britain, and so on, and then the wage compared to the wages we pay in this country. Just furnish it to the committee, I don't expect you to have it now.

Mr. FRAZER. I think we have already furnished it. That is in Mr. Carpenter's statement which we submitted for the record. Those figures are already in.

Senator MARTIN. What reserve do we have here in the United States, what would it amount to in tonnage? Have you made any estimate as to that?

Mr. FRAZER. Yes, sir. Those figures are also going to be in the record, in tables 3, 4, and 5 that we have filed for the record. And we figure there is 20 years' supply, that is, of known, proven reserves. And I remember back about 1927 or 1928 that the Tariff Commission made an investigation of the fluorspar industry, and back at that time they estimated there were probably 6 million tons known reserves. So it goes to show that with time, as time has gone on, with all the ore that we have mined, we have added to the reserves rather than depleted them.

Senator MARTIN. And if you had a profitable market here in the United States the chances are that you would continue to add to your reserves, because there would be an incentive for investors and prospectors to go out and find other deposits.

Mr. FRAZER. Yes, sir, I think that is right. I think any mine that is in a living or thriving condition will find more than they mine, they will continue to search for it, as long as they are making a profit on what they are mining.

Senator MARTIN. I wish you would tabulate that—if it is in there, tabulate it so our staff will have it—tabulate the imports, as I mentioned a moment ago, from the various countries outside of Mexico. I am now figuring from the standpoint of national defense, the product that has to come across the water, and then the wages per hour they pay in comparison with what wages you pay here in Kentucky and southern Illinois. You can submit that so that our staff will have it when we are making the study.

Mr. FRAZER. I will put it in the record right now.

Here are the imports by countries for both grades from 1951 through 1953 and by months for 1954.

Senator MARTIN. Just put it into the record.

The CHAIRMAN. Without objection, it may be included in the record.

(The document above referred to is as follows:)

TABLE 7.—*Fluorspar imported for consumption in the United States, 1951–53, by countries*

Date	Canada (including Newfoundland)	France	Germany	Italy	Mexico	Spain	Other	Total
	Containing more than 97 percent calcium fluoride							
1951	15,289	849	14,327	6,492	3,819	11,583	[1] 632	52,991
1952	13,849	1,120	28,134	18,049	42,243	24,587	----------	127,982
1953	18,371	503	[2] 32,265	45,938	80,310	32,056	[3] 100	209,543
1954:								
January	----------	----------	3,104	5,574	6,783	2,536	----------	17,997
February	2,128	221	----------	----------	7,149	----------	----------	9,498
March	----------	----------	4,527	4,642	4,824	3,528	----------	17,521
April	----------	----------	4,365	3,654	4,197	5,921	----------	18,137
May	6,560	----------	6,022	10,938	4,443	5,188	----------	33,151
June	4,656	----------	5,224	9,539	6,461	----------	----------	25,880
July	5,734	----------	3,915	----------	3,604	4,089	----------	17,342
August	----------	----------	----------	----------	4,168	3,586	----------	7,754
September	2,773	----------	----------	1,111	3,500	----------	----------	7,384
October	3,074	----------	2,840	6,007	3,676	----------	----------	15,597
November	6,848	----------	5,128	2,845	6,919	----------	----------	21,740
December	2,921	----------	----------	----------	3,405	8,870	----------	15,176
Total	34,694	221	35,125	44,310	59,129	33,718	----------	207,197
	Containing not more than 97 percent calcium fluoride							
1951	6,171	566	[4] 34,747	5,312	60,206	21,282	----------	128,284
1952	4,742	----------	32,317	12,354	132,943	35,100	[5] 7,065	224,521
1953	3,699	661	[6] 4,101	7,930	110,103	20,230	[7] 5,002	151,676
1954:								
January	62	----------	----------	1,213	3,518	170	[8] 801	5,764
February	----------	----------	----------	----------	5,628	----------	----------	5,628
March	----------	----------	559	----------	2,811	----------	----------	3,370
April	----------	----------	----------	----------	2,182	1,108	----------	3,290
May	----------	----------	----------	----------	1,613	2,425	----------	4,038
June	----------	----------	----------	2,576	4,329	----------	----------	6,905
July	----------	----------	----------	----------	7,289	----------	----------	7,289
August	----------	----------	----------	1,102	13,190	541	----------	14,833
September	----------	----------	----------	----------	10,064	1,467	----------	11,531
October	----------	----------	----------	----------	11,501	----------	----------	11,501
November	----------	----------	----------	----------	7,823	----------	----------	7,823
December	----------	----------	----------	----------	5,573	----------	----------	5,573
Total	62	----------	559	4,891	75,521	5,711	[8] 801	87,545

[1] Includes 560 tons from Algeria, 72 tons from Union of South Africa.
[2] Includes 3,482 tons reported from Netherlands, but believed to have originated in Germany.
[3] From United Kingdom.
[4] Includes 1,184 tons reported from Netherlands, but believed to have originated in Germany.
[5] Includes 2,249 tons from French Morocco, 2,259 tons from Tunisia, 2,557 tons from Union of South Africa.
[6] Includes 539 tons reported from Netherlands, but believed to have originated in Germany.
[7] Includes 3,279 tons from French Morocco, 1,701 tons from Tunisia, 22 tons from United Kingdom.
[8] From Tunisia.

Source: U. S. Department of Commerce.

Senator MARTIN. You mentioned something a while ago about the cost of pumping the water from these various operations per ton. What did you say that amounted to?

Mr. FRAZER. I just used the Rosiclare Mine as an illustration. I think their actual cost was in the neighborhood of $8 a ton just to keep the mine dewatered.

Senator MARTIN. Is there the same situation in the mines in Colorado?

Mr. FRAZER. No, sir, I don't think so. I think their mines are in the mountains——

Senator MARTIN. The reason I am asking these questions, Mr. Chairman, in the mining of coal it makes a big difference between a self-drained mine and one that you have to raise the water in.

Mr. FRAZER. That is right.

Senator MARTIN. There is quite a difference in the profit between the one that is self-drained and the one where you have to raise the water. And that is one of the biggest problems in mining coal.

That is all.

Mr. FRAZER. I think the mines in the Western States, Colorado, and so forth, as well as Mexico, are absolutely dry. They even have to carry their drinking water up on the mountainside for their workers.

The CHAIRMAN. Senator Malone.

Senator MALONE. Mr. Frazer, I remember that Senator Clements presented a wire from you to the Committee on Minerals and Materials and Fuels Economic Subcommittee of the Interior and Insular Affairs Committee when we were investigating the accessibility to this Nation of critical materials. We used that wire from you at that time, and we regretted that you couldn't appear before that committee. The report on that was rendered in 1954, the years 1952 and 1953 were used, and fluorspar is on page 79.

Now, for the purpose of this testimony the year is relatively unimportant, the amount can be supplied accurately for any year, but it is a comparison. The report says:

> Production in 1952 was 345,000 short tons, and slightly less in 1953. A high production of 420,000 tons was reached in 1944.
>
> Consumption in 1952 was 521,000 tons and close to 600,000 tons in 1953.
>
> Domestic production is supplying only about two-thirds of consumption and this percentage is steadily decreasing due to foreign low wage competition.

To that you are testifying this morning.

Mr. FRAZER. Yes, sir.

Senator MALONE. "The Western Hemisphere can be entirely self-sufficient." To answer Senator Martin's questions, Mexico is by far the largest supplier of foreign fluorspar, but Germany, Spain, Canada, and France also have supplied large quantities. And I note on page 154 of this report the fluorspar production of Mexico, West Germany, East Germany, the U. S. S. R.—we imported some from Russia in 1952—the United Kingdom, Canada, Spain—and then others are grouped—that is where it comes from.

Now, there are no satisfactory substitutes for fluorspar, and I am saying this only for the record. It is used in basic open-hearth and basic electric steels, very important in the manufacture of aluminum, refrigerants, and many chemicals also essential in operation of gaseous diffusion process to obtain uranium isotopes at Oak Ridge, Tenn. It is a very important mineral. However, there is no danger of running short of it in the Western Hemisphere. So it can only be put on the basis of an import as part of the economic structure of this country.

Now, a little more explanation. The reason you are in the shape you are in is the manipulation of the tariff or duty through the Trade Agreements Act. And I want to make this point.

It is, of course, impossible to make all the points you would like to make in a hearing of this kind.

But, Mr. Chairman, I want to call your attention to the fact that there are people that know exactly what they are doing when they discuss these particular minerals. And this I am singling out because

of the importance of Mr. Frazer's testimony this morning. The original duty—as Mr. Frazer so well has outlined—varied on low-grade and high-grade fluorspar. But there was very little high grade imported when this first duty was set by the Tariff Commission.

Now, if the Tariff Commission still had the jurisdiction, it could adjust, when the imports varied it could adjust it, but they do not have the jurisdiction now.

So I want to say at this time, since that deal was fixed by the Tariff Commission, improved methods of beneficiation have made possible very great domestic production of acid fluorspar containing more than 97 percent calcium fluoride, and the applicable rated duty of $5.60 is inadequate protection to account for the difference in wages and general costs of doing business.

In other words, those two grades, the higher grade was not too competitive in the beginning because the foreign nations didn't bring in too much high grade.

Now, while we are on the matter of wages, your wages run from around $1.50 to as high as $1.69. Does that pretty much cover the range of your wages?

Mr. FRAZER. Yes, sir. That is for the Kentucky-Illinois field.

Senator MALONE. This is on page 232 of Senate Report 1627. It goes on to say:

The rate in Mexico runs from 60 to 90 cents per day as compared to the average of $12.80 for an 8-hour day in the United States.

Does that pretty much represent your wages?

Mr. FRAZER. Yes, sir.

Senator MALONE. (reading):

For tariff purposes there are two classifications—

I want to read this into the record, Mr. Chairman, to show that when the General Agreement on Tariffs and Trade at Geneva sits down to manipulate the duties, or someone in the State Department, there is someone that understands how any other country can benefit at the expense of the United States, and lots of times people like our committee, for example, wouldn't understand that, because they do not have the detail.

Acid grade containing more than 97 percent calcium fluoride.

That is one classification. The other is:

Ceramic grade containing less than 97 percent calcium fluoride.

The United States Tariff Commission states: "The Tariff Act of 1922 provided for a duty of $5.60 long ton on all grades of fluorspar."

At that time United States production consisted almost entirely of metallurgical fluorspar containing much less than 97 percent calcium fluoride. In 1928 the Tariff Commission under section 315, Tariff Act of 1922 (flexible tariff division), Tariff Commission Report No. M–5 on fluorspar stated as follows: "The duty of metallurgical fluorspar was increased to $8.40 per long ton. The higher grade or acid grade remaining at $5.60 per long ton."

Now, a short ton, of course, is 2,000 pounds, and a long ton is 2,240 pounds; is that right?

Mr. FRAZER. I reduced my figures to short tons.

Senator MALONE. (reading):

In the Tariff Act of 1930 Congress applied the rate of $8.40 per long ton to all fluorspar containing less than 97 percent calcium fluoride; for the higher grade ore—97 percent or above—a duty of $5.60 per ton. In other words, the

lower duty was applicable to the higher valued ore, of which this country produced very little at that time. Imports of lower grade fluorspar at that time were in direct competition with fluorspar of this same grade produced by domestic industry.

As a result of trade agreement action—

now, this is where we come into the picture, with the trade agreements—

statute duties on fluorspar were reduced and effective January 1, 1939, the duty on acid grade fluorspar was reduced to $4.20 per long ton under a trade agreement with the United Kingdom.

Under the most-favored-nation clause the trade agreement with the United Kingdom applied to Mexico. This was terminated with Mexico on December 31, 1950, and for a 6-month period from January 1, 1951, to June, 1951, the duty was fixed at $5.60 per long ton.

Under the Torquay agreement, GATT, General Agreement on Tariffs and Trade, the rate of duty on the same quality of fluorspar was reduced $2.10 per long ton on acid-grade fluorspar containing more than 97 percent calcium fluoride.

On January 1, 1951, the rate for the ceramic and metallurgical grade was fixed at $8.40 per ton, which is the effective rate at the present time. In summary, the present rates now in effect are: acid grade, over 97 percent CaF_2 content, $2.10 per long ton. Ceramic and metallurgical grades, less than 97 percent CaF_2 content, $8.40 per long ton.

Now, that compares favorably with your short ton!

Mr. FRAZER. Yes, sir.

Senator MALONE. (reading):

Ceramic and metallurgical grades, less than 97 percent CaF_2 content, $8.40 per long ton.

I call your attention, Mr. Chairman, to the fact that these details are applicable in a different manner to almost every product in the United States, but in order to know how they apply you have to understand the grade of production in this country and what it is used for. And of course that is impossible for each individual of a committee such as we have here, it would just be physically impossible.

Now, I call your attention, then, specifically to the fact that under these grades—which are thoroughly understood by somebody that is sitting at Geneva on the General Agreements on Tariffs and Trade, and which would look innocuous to anyone who didn't thoroughly understand it—they were adopted, and resulted naturally almost immediately in a very severe curtailment of production, for the reason Mr. Frazer has so well outlined. And that is, of course, that with the wages you pay here, the conditions under which workmen are cared for—that is, their industrial insurance and their unemployment insurance and the social security—it is just a physical impossibility to compete.

Now, I want to say, Mr. Chairman, that in my opinion that is a typical product. And there are hundreds of them. It is impossible even to use this committee to go into such details. I am doing it for a purpose, because this man has come all the way from Kentucky to show that his people are on the streets for the very reasons that I have read out of a report that is available to the committee.

Now, under a Tariff Commission, if they were operating, under the 1930 tariff law, immediately you could go to the Tariff Commission and call attention to this change in grade in the fluorspar that is being imported, and that you are producing, and petition for a rehearing, and you could get that rehearing on the Tariff Act, section 336, which says that they must consider the flexible tariff or duty on that basis

of difference in cost, could you not? In other words, when you are operating under this act—and if we extend it, naturally, the 1930 Tariff Act is not applicable, because you have had a trade agreement—but if this were not in existence and never had been, you could get an adjustment there just like you got the first adjustment, couldn't you, on the basis of fair and reasonable competition?

Mr. FRAZER. That is the way I understand it.

Senator MALONE. Now, that is all you are asking for, a basis of fair and reasonable competition, equal access to your own markets; isn't that all you are asking for?

Mr. BRECKINRIDGE. That is correct, Senator Malone, except in the case of acid-grade fluorspar the increase under section 336 would not be sufficient. The permissible increase, which is to 50 percent, would not be sufficient to solve the problem.

Senator MALONE. Of course, it wouldn't be now, because in this 25 or 30 years we have had inflation that has just about cut the effective tariff in half; isn't that right?

Mr. BRECKINRIDGE. Much more than that, sir. It is down to about 5 percent.

Senator MALONE. Well, that includes the decreases through the Trade Agreements Act. I am talking about just inflation alone, in the last 20 years inflation, about 50 percent, has cut the price of the dollar to about half of what it was before, and doubled the wages practically in 20 years, cut in half the effect of any fixed duty, hasn't it?

Mr. BRECKINRIDGE. That is correct, sir.

Senator MALONE. Wasn't that the reason the 50 percent wouldn't be sufficient?

Mr. BRECKINRIDGE. Yes, sir.

Senator MARTIN. Mr. Chairman, would you let me make an observation. Also the great devaluation of the peso in Mexico has made a big difference as far as the importation from Mexico is concerned: is that correct?

Mr. BRECKINRIDGE. That is correct.

Senator MALONE. I thank the Senator from Pennsylvania. I was coming to that a little bit later.

The devaluation of any foreign money automatically puts out of gear any trade agreement that has ever been made with that country. And when we made the trade agreement with the United Kingdom, the United Kingdom did not export too much fluorspar at that time, and under the most-favored-nation clause Mexico, when it became a greate producer, automatically came under it, and there was no publicity at all. So all the countries get the advantage of the trade agreement as made. And as the distinguished Senator from Pennsylvania so well said, as soon as such a trade agreement is made there is a devaluation of the currency, or whatever manipulation may be required, which immediately throws out of gear any trade agreement that has been made with them. Isn't that right?

Mr. FRAZER. Yes, sir.

Senator MALONE. And then we are bound for 3 years, and until such time as the President of the United States may serve notice on that country—in this case the United Kingdom—for cancellation of that agreement. Is that true?

Mr. FRAZER. That is correct.

Senator MALONE. Now, I did not intend to go into such detail on fluorspar.

But I want to say to you, Mr. Chairman, that all minerals, all products—practically all products—where they have grades, like in cloth and textiles, and other products, the same manipulation that looks all right on the surface but cuts your heart out under the table is possible.

Isn't that right, according to your study of this situation, that if a man knows his business and he sits down in one of these committees in Geneva, 3,000 miles away from Washington and 3,000 miles away from the mines, and if he knows what he is doing he can murder you and still it will look all right on paper, isn't that about right?

Mr. FRAZER. I think so.

Senator MALONE. Well, I know that it is, because I have worried with this thing now—it is my ninth year in the Senate of the United States—and I worried about it about 10 years prior to that time. And I know that people like you that come here and make a fair, straightforward statement, you are correct. How it happened, of course, you are entirely unfamiliar with that.

Mr. FRAZER. I am at a loss to know.

Senator MALONE. Of course, you are. You are just trying to pay the wages and pay the help and get this stuff on the market. And when Congress can allow something to be done that even they don't understand, through an agreement clear beyond any agency of theirs, then if we don't understand it it is a cinch nobody else is going to. Isn't that about right?

Mr. FRAZER. That is right.

Senator MALONE. Now, Mr. Frazer, I wanted to ask you some general questions on this matter, because it is so important. And I know that when a man representing the miners travels several hundred miles to Washington he is in difficulties, because in the first place—maybe you do, but most of them don't even know what committees consider these things, or when, or how it happened to them in the beginning. So you are very reluctant to do just what you are doing now.

Now, if you were operating under the 1930 act—I mean, if we were operating under the 1930 Tariff Act, with the Tariff Commission as our agent, with one set of orders to determine the tariff on the basis of fair and reasonable competition, that would presumably give an American producer equal access to his own markets, it is a good bet that you wouldn't have to come up here, isn't it?

Mr. FRAZER. I think that is right.

Senator MALONE. Now, the fact that we have passed an act—I say "we," on account of any inability to stop this senseless rambling—in 1934 that completely separated Congress from this business of where the Constitution fixes it in the legislative branch to regulate the foreign trade and to regulate the duties and imports. This power was transferred to the Executive—I have gone over that one time, that the Constitution fixes, puts the fixing of a foreign policy on the Executive, and the regulation of domestic economy and of foreign trade on the Congress—and Dean Acheson testified when he was Secretary of State, and Thorne was his assistant, that it was almost impossible to separate the two.

But the Constitution and the Bill of Rights almost pointedly separated the two. Isn't that right?

Mr. FRAZER. Yes, sir.

Senator MALONE. So this Congress tied them together. Now, as long as they are tied together—and they are as long as we extend this act—then the General Agreement on Tariffs and Trade, the United Nations new trade organization created by a resolution, the International Materials Conference, and all these trick organizations that operate with the 1934 Trade Agreements Act as a base, are still operating on our markets, on the American markets, aren't they?

Mr. BRECKINRIDGE. That is true, Senator.

Senator MALONE. You think that is true, Mr. Frazer.

Mr. FRAZER. Yes, sir.

Senator MALONE. Now, if we do not extend this act, that is the first step for Congress, the legislative branch, to regain control of their legislative responsibility—in other words, any material—of course, it wouldn't apply directly to fluorspar now, but any material on which there was not a trade agreement would revert immediately to the Tariff Commission, wouldn't it?

Mr. BRECKINRIDGE. That is correct. But that would be only in a few cases, because there are very few commodities on which there are no trade agreements. In our case, if the act expired and you did nothing else, it wouldn't solve our problem. It would take more than that.

Senator MALONE. I know that it wouldn't solve your problem, because you have been 20 years getting into this flypaper, and one move doesn't get you out. But the first move is to let this expire and go back to the Tariff Commission, isn't it? And therefore on fluorspar if the President of the United States served notice on the United Kingdom for a cancellation of this trade agreement, within a specified length of time it goes back to the Tariff Commission, does it not?

Mr. BRECKINRIDGE. It would if the President terminates the agreement, but we fear that the President would not terminate the agreement even if the act expires.

Senator MALONE. But it would go back to the Tariff Commission, wouldn't it?

Mr. BRECKINRIDGE. It would go back to the Tariff Commission, but we have section 336, subject to veto by the President—we don't approve of that, it should be subject to veto by the Congress only.

Senator MALONE. If you will just go back to my first question, if he notifies the country, the United Kingdom in this case, then it would cancel the trade agreement, wouldn't it?

Mr. FRAZER. That is right, sir.

Senator MALONE. That is very helpful. Now, we know that in 20 years the inflation cut your tariff in half. We know, or anyone that studies it knows, that there would have to be an amendment giving them more latitude on which there could be a simple congressional amendment. Isn't that right?

Mr. BRECKINRIDGE. That is right, sir.

Senator MALONE. Now, if your amendment to the 1930 Tariff Act to bring it up to date, which would simply be in the matter of petroleum, the 10 percent, like Mr. Neely's amendment, that would allow a quota of 10 percent, that would bring it up to date, they think—you have talked about a quota here assisting in the domestic mining of fluorspar—and I agree with you, it would help. However, I do not agree with you that you can determine the amount that is necessary,

and the amount would probably change as time goes on, because of the more or less use in the country, consumption—but nevertheless a quota would help you, there is no question about that. But there are 5,000 of these products under a tariff, about 40 percent or a little more of all the products that we produce in the United States are subject to a tariff.

So, then, I have an amendment that has been introduced in this Congress for the 8 years I have been here, figuring a time would come when people would sit down in the cool of the evening and determine what is really happening to them—and I think quite a few witnesses have shown that to be a fact, and your presence here shows it to be a fact. And while the Neely amendment only applies to petroleum, whereas your suggestion only applies to fluorspar, S. 404, which is an amendment introduced January 14, 1955, in the new Congress—I introduce it into every new Congress—would provide an amendment to the Tariff Act of 1930 giving the Tariff Commission complete latitude in the matter of fixing the rates. It would remove the 50 percent tariff, put it on the basis of fair and reasonable competition, the difference in the cost between this country and the chief competitive nation. Then they could consider this new authority—we call it the Foreign Trade Authority, because it more nearly represents what they do, they regulate foreign trade, is what the Tariff Commission really does—but it would not change its structure at all, the same members could go right on if the President saw fit.

But in this matter some people say you can't determine what the cost is, so then you just turn them loose, lower the duty, and keep on lowering it, because you can't determine what the costs are. I don't admit that you can't determine what they are, but at the same time you needn't bother.

Under this act:

> In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practical—
>
> (1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;
>
> (2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

That would take care of the situation the Senator from Pennsylvania mentioned of lowering the price of their money in terms of the dollar, you see.

> (3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

You could take cognizance of that fact in the Tariff Commission.

> (4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;
>
> (5) Actual and potential future ratio of volume and value of imports to volume and value of production, respectively;
>
> (6) The probable extent and duration of changes in production costs and practices;

Tariff Commissions have always known how to do these things, but they didn't have quite the latitude necessary to keep up with them,

especially since even foreign countries are learning all the time to invoke more and more tricks to benefit from it.

> (7) The degree to which normal cost relationships may be affected by grants, subsidies (affected through multiple rates of export exchange, or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in the other countries which appear likely to affect production costs and competitive relationships.

Like in France, if they want to import a certain product from this country they give them a certain price in francs for the dollar, if they don't want it imported they give them a lower price in francs for the dollar, and they have to turn the dollar in. That takes in those particular sections.

Then we come to what you have just suggested, let the Tariff Commission do it:

> The Authority, in the manner provided for in subsections (c) and (f) in this section, may impose quantitative limits on the the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this Act,

in other words, to determine fair and reasonable competition, or in fact to give you equal access to your own American market.

Now, if you are going to amend it, you wouldn't object to other products, manufactured products or other mining products having the same protection that you have on principle, would you?

Mr. BRECKINRIDGE. I didn't get the last question, Senator.

Senator MALONE. If you are going to ask for a protection on the basis of fair and reasonable competition—and that, I understand, is all you are asking for on fluorspar—and they asked for it on oil—would you have any objection to having all other products protected on the same basis?

Mr. BRECKINRIDGE. No, sir, we very definitely think they should be.

Senator MALONE. Wouldn't these provisions that I have just read from S. 404, offered on January 14 as an amendment to the Tariff Act of 1930, suit your purpose?

Mr. BRECKINRIDGE. Yes, Senator, I think your bill attempts to do what we feel should be done in laying down certain criteria for the Tariff Commission to act, the Tariff Commission finding under those criteria what the tariff should be to provide fair and reasonable competition——

Senator MALONE. And also quotas, if necessary?

Mr. BRECKINRIDGE. If they find that is necessary—and then have that decision subject to review only by the Congress.

Senator MALONE. That is what this does.

Mr. BRECKINRIDGE. That is what I understood.

Senator MALONE. What this does is to simply say in one section here that when they offer such a tariff—the Tariff Commission—unless Congress takes action within 60 days notifying it, it becomes a tariff.

Mr. BRECKINRIDGE. That is the way we think it should be.

Senator MALONE. That is what this bill does. And then it would suit you?

Mr. BRECKINRIDGE. Yes, sir.

Senator MALONE. And then you believe all the other products in the United States should have the same reasonable competitive rate of tariff or duty that would give them equal access to the American

market on articles that should have a duty at all, and that is where there are substantial amounts of such articles produced in this country?

Mr. BRECKINRIDGE. Yes, we feel that very strongly, sir, that they need protection. They are the primary purchasers of our product and the products made with fluorspar. We think that protecting other producers in this country provides us the best market for fluorspar and other commodities that are sold.

Senator MALONE. Do you agree that the first step is not to extend this act, and then the second step would be an amendment of the 1930 Tariff Act along this general principle? And the third—the second or the third, however it came about—would be the cancellation of the trade agreements by order of the President of the United States? Wouldn't that be the general order of progress started by the Congress of the United States?

Mr. BRECKINRIDGE. That is essentially true, Senator, with this exception, as to when those steps would be taken.

Senator MALONE. We are in session now. I am talking about a Congress which would suddenly wake up and see what they have been doing to you and maybe 2,000 other people.

Mr. BRECKINRIDGE. If all of those steps were taken at the present time it would be all right. But I want to make our position clear, that if we merely let the Trade Agreements Act expire on June 12, it still will not solve our problem. And we feel that anything that is done at this session would still require an interim emergency provision limiting the imports of fluorspar until some determination is made under some new system, or whatever system it may be.

At the present time there is no available means of administrative relief.

Senator MALONE. That is what I am trying to outline to you.

Let me ask you another question. If you do not get an amendment here to limit the imports of fluorspar, are you for the extension of the 1934 Trade Agreements Act?

Mr. FRAZER. No, sir. We endorsed the position taken by the American Mining Congress, and they favor letting the act expire. We do also.

Senator MALONE. That is all, Mr. Chairman.

Senator BARKLEY. How is that going to affect some of us who are in favor of the extension of the act but would like to favor the industries that have appeared here? I am for the extension of the act myself.

Mr. BRECKINRIDGE. Senator Barkley, our position is that basically we do not favor the extension of the Trade Agreements Act, but we recognize that Congress may extend it. And the amendment that we have suggested is based on the assumption that it might be extended.

Senator BARKLEY. Is it your position that the act ought to be permitted to die, notwithstanding the benefits that it may bring about to other segments of our industry in order that some of those that are affected by it? How would it help your industry for it to expire? The only chance to get it back into legislation is on this bill, not on an independent bill, if the act expires and dies you don't get any benefit from that.

Mr. BRECKINRIDGE. That would not solve our problem, sir.

Senator BARKLEY. That wouldn't even affect your problem, whatever agreements are now in effect would go right along until it expires, and under the Trade Agreements Act the President would abrogate the agreements.

Mr. BRECKINRIDGE. That is correct, sir.

Senator BARKLEY. If this law expires this Congress will expire before anything is done or can be done.

Mr. BRECKINRIDGE. Our position is essentially that whether the Congress decides to extend it or not to extend it, we still need this fluorspar provision included in whatever action the Congress takes with respect to foreign trade.

The CHAIRMAN. Senator Long.

Senator LONG. No questions.

Senator MALONE. I would just like to say in this connection, I think everyone here but Mr. Frazer has heard it, and I hope he does look at the record we are making here in the Senate Finance Committee. There has always been some question as to why this act was passed. Some say they would not allow any injury to any industry, but will try to help some and try to increase our influence abroad and make other nations feel better so that in a pinch they will be with us. Others think that the people who originated this act—not Congressmen or Senators—did have a deeper purpose in view, and that they could not operate without injury to industries, and under this act transferring the responsibility of Congress to the Executive, the Executive is the judge as to what industries are to be injured, if any.

You may be interested in what Secretary of State Dulles said under questioning. He said:

> I do recognize that the competition, whether it is domestic or foreign, does injury, and it injures, first, the weaker and less economical units in an industry.

In other words, there may be 1 or 2 units of the fluorspar industry that might survive even with trade agreements, but it will injure the ones that are a little weaker. And he says in another spot, in effect, that that is contemplated in the act. When he was asked the direct question:

> Do you agree there is authority in the act to trade away an American payroll to serve an international purpose, if it causes injury to that American payroll?

He answered:

> Conceivably so; yes. We do a lot of other things, sir, which do great injury to American people, to serve an international purpose.

I could go on and on, but all of that is in the record.

But I wanted you to know that that was Secretary Dulles' testimony. And I hope he will be here again before the committee, and I think he will be, because he made a very important pronouncement on principle, and I hope he will be here to settle for all time what this act was intended to do. If it is to help an international situation, then you could sacrifice anything, including fluorspar.

That is all, Mr. Chairman.

(Additional material submitted by Mr. Frazer is as follows:)

STATEMENT OF THOMAS F. CARPENTER, UNITED MINE WORKERS OF AMERICA

To the members of the United States Tariff Commission.

Gentlemen: My name is Thomas F. Carpenter. I am associate director of the research department of District 50, United Mine Workers of America and

I am speaking in behalf of the workers represented by our union in the fluorspar industry.

In southern Illinois and western Kentucky, centered around Pope and Hardin Counties, Ill. and Crittenden County, Ky., the economy is largely dependent on a healthy fluorspar industry. There are almost 2,000 families in this area depending on work opportunities in fluorspar production. The breadwinners in these families, members of District 50, United Mine Workers of America, are unemployed. These fluorspar workers are unemployed, not because there is no market for fluorspar in the United States, but because foreign producers with cheap labor and lower priced products are enjoying a substantial portion of our domestic market. In 1953 the consumption of fluorspar in the United States reached an all time high of 584,762 short tons. Imports of foreign fluorspar, produced by workers receiving less than 8 percent of the daily rate of the United States fluorspar miner, supplied 367,096 short tons or 62.7 percent of our market leaving only 37.3 percent of our market for the American producer and the American fluorspar worker.

During the period 1940 through 1944 (which includes the war years) 9 percent of our domestic fluorspar market was supplied by foreign producers—91 percent was supplied by our own producers and workers.

During the postwar years, 1945 through 1949, foreign producers supplied 23.5 percent of our domestic market, our own producers and workers supplied only 76.5 percent.

During the first half of 1954, foreign producers supplied 67.6 percent of our domestic fluorspar market, the American producer and American worker only supplied 32.3 percent.

The foreign sources are displacing the domestic product and putting the workers in the domestic fluorspar industry on the relief rolls. This adverse effect is intolerable to the workers in the industry, the membership of District 50, United Mine Workers of America.

Table I, attached, sets out the shipments from United States mines, the imports, consumption of fluorspar for the years 1940 through June 30, 1954, with a quarterly report for the period January 1, 1953, through June 30, 1954, and the relationship, in percent, of imports to consumption.

During the period of years reported in this tabulation, it can be seen that domestic sources supplied most of the fluorspar needs of American industry. However, with the advent of World War II, fluorspar imports began to increase In the last few years the imports of fluorspar increased to such a degree that these imports are now on the verge of complete displacement of the domestic product and, of course, extinction of the domestic fluorspar industry.

During the 5-year period, 1940 through 1944, consumption averaged 336,391 tons per year and imports represented an average of 30,503 tons in those years (all tons are in short tons). During this period, imports represented, on the average, 9 percent of domestic consumption. Similarly, during the 5-year period, 1945 through 1949, the average annual consumption was 357,381 tons and the average annual imports 84,149 tons or 23.5 percent of total consumption. During 1950, 1951, 1952, 1953 and one-half of 1954—the following was the case:

Year:	*Imports, as a percent of total consumption*
1950	38.6
1951	36.4
1952	67.8
1953	62.7
1954 (one-half)	67.7

Starting in the year of 1952, the foreign producer of fluorspar has taken the lion's share of the business, in forcing the American producer out of business and has put many workers in the domestic fluorspar industry, workers represented by District 50, United Mine Workers of America, on the relief rolls.

With the disappearance of the American fluorspar from the market, the American workers in the industry are made idle and are in an area where there is no substantial alternate industry in which they can be employed. Many of these people have been unemployed for more than a year, have used up all unemployment compensation and are now living on the bounty of the Government and local charities.

It is morally wrong to permit these American workers and their families to live on charity while their produce is in demand.

The following is the effect on employment level in the same plants in the area as reported by the regional director of District 50, United Mine Workers of America.

Company	Normal employment	Present employment	Company	Normal employment	Present employment
A	62	11	F	32	0
B	56	15	G	34	0
C	71	0	H	412	6
D	312	262			
E	210	3	Total (8)	1,189	297

These unemployed fluorspar miners have the ability and desire to produce fluorspar. They should have the opportunity to pay taxes to support their Government. We believe that our Government has its first duty under our Constitution and laws to provide reasonable protection for our citizens, our producers, our workers, and our economy and our future in time of peace as well as in times of national emergency.

To permit the American fluorspar industry to fall by the wayside and let the foreign producer supply all of our needs is folly. As soon as all of our domestic sources are idled, the know-how of the dispersed American workmen becomes unavailable. We are then at the mercy of a foreign producer.

If we allow ourselves to be at the mercy of foreign fluorspar producers in times of peace we will be at the mercy of our enemies in times of national emergency—in times of war.

The importance of fluorspar is not to be taken lightly. Some of its more common uses are as follows:

Metallurgical

Used as a flux in the manufacture of steel
Used in following nonferrous products
Refining of lead
Refining of silver
Melting and casting of aluminum
Melting and casting of magnesium
Extraction of tantalum
Extraction of columbium

Ceramic

Facings for brick and tile
Structural materials
Earthen cooking ware
Art pottery
Portland cement (flux)
Rock wool (flux)

Glass

Used in preparation of light and dense white or colored opal glasses which are used in the manufacture of items including lamp globes, shades, bulbs, vases, bowls and glassware and containers.

Chemical

Mainly for production of hydrofluoric acid which in turn is used as a catalyst for manufacture of alkylate which in turn is used in high octane aviation fuel blends and in the manufacture of freon refrigerants.

Manufacture of synthetic cryolite which is used to produce metallic aluminum.

Fuorspar is also used in the atomic energy program.

The many and varied uses of fluorspar in indicative of its important place in American industry. This, of course, is one of the thousands of raw materials that is interwoven in the vast and highly complicated system of production with innumerable sources of raw material supply neecssary to complete the finished product that is American industry. It is the duty of each involved to have all parts of the system operating, all sources of supply producing and, equally important, have American workers running that system.

It would be far better to import workers to fit into the American industrial machine than to import the products of their labor. For each man so imported,

we would raise one man and his family to a standard of living far beyond his fondest dreams and make a family truly happy. But to import the product of a foreign man's labor, when the product of his labor is such that it puts an American out of employment, an American worker and his family is pulled down to the foreign worker's standard of living.

The following is a representative wage scale in an American fluorspar operation:

Classification	Rate per hour	Rate per day
Hoistman, class A	$1.59	$12.72
Hoistman, class B	1.54	12.32
Underground truck driver	1.64	13.12
Miner	1.64	13.12
Miner helper	1.54	12.32
Underground mechanic	1.69	13.52
Mucker or apprentice miner	1.47	11.76
Shift leader	1.79	14.32
Mill and surface:		
Float operator	1.64	13.12
Float helper	1.44	11.52
Drier operator	1.54	12.32
Crusher operator	1.54	12.32
Engineer, class A	1.54	12.32
Electrician, class A	1.59	12.72
Mechanic, class A	1.59	12.72
Summer student labor	1.23	9.84
Working foreman	1.64	13.12

Source: Local Union 12681, District 50, United Mine Workers of America, and Minerva Oil Co., Cave-in-Rock, Ill., labor agreement.

In comparison let's look at the wages of five wage classifications in the Mexican mining industry as of June 1953.

[Per day]

	Minimum		Maximum	
	Pesos	American dollars	Pesos	American dollars
Laborer	13.01	$1.49	13.87	$1.59
Carpenter	14.69	1.68	28.62	3.29
Electrician	18.90	2.17	37.46	4.30
Flotation operator	[1] 15.15	[1] 1.17	----	----
Mucker	13.50	1.55	23.46	2.70

[1] Average.

NOTE.—Value of peso, 11½ cents.

It was also reported that the workers received a 12 percent increase in 1954 which was given to offset the devaluation of the peso from 11½ cents to 8 cents (source: U. S. Department of Labor).

In Italy the following rates apply in the mining industry with sulfur mining setting the pattern and other mining operations paying substantially the same rates.

[LIRAS PER DAY IN AMERICAN DOLLARS]

Province	Specialists		Qualified		Common specialist		Ordinary manual		Female	
Turin	1,429	$2.28	1,291	$2.06	1,227	$1.96	1,155	$1.84	----	----
Sondrio	1,450	2.32	1,307	2.09	1,243	1.99	1,171	1.87	1,045	$1.66
Leghorn	1,395	2.23	1,262	2.02	1,200	1.92	1,130	1.80	----	----
Genoa	1,536	2.45	1,401	2.24	1,338	2.14	1,267	2.02	1,027	1.64
Avallion	1,247	1.99	1,120	1.79	1,060	1.69	994	1.59	727	1.16
Foggia	1,108	1.77	979	1.56	919	1.47	864	1.38	----	----
Sicily	1,436	2.29	1,302	2.08	1,243	1.98	1,199	1.91	----	----

NOTE.—Rate of exchange 625 lira=$1.

Source: United States Department of Commerce.

These wage rates are representative of the mining industry in Mexico and Italy. These wage rates are brought in for comparitive purposes and do not in any way add to or detract from the basic reasons for preserving the domestic fluorspar industry.

The Government of the United States in fulfilling its duties to the citizens from whom it derives its power should, to the fullest extent of its powers, provide American workers the protection with which the American worker can earn a living.

In the instant case we have the fluorspar industry, fully capable of producing at least 75 percent of the American needs. The supply of fluorspar is now not coming from American mines, but foreign mines, thus destroying a useful and necessary industry and the American fluorspar miner finds undue hardships placed upon him and his family.

The very fact that American workers are unemployed as a result of the continued and increasing imports of fluorspar, while we have the ability and desire to produce this necessary product, is justification for the Government of the United States to increase the tariff on the importation of fluorspar. The tariff should be increased sufficiently high to provide protection for American workers to earn a living and at least have the opportunity to supply the major portion of the domestic market in times of peace as well as to preserve the industry and the work force for times of war.

TABLE I.—*U. S. Department of the Interior, Bureau of Mines—reports on fluorspar*

Year	All grades		All purposes, consumption	Imports as a percent of total consumption
	Shipments from United States mines	Imports		
1940	233,600	11,871	218,500	5.4
1941	320,669	7,524	303,600	2.5
1942	360,316	2,151	360,800	.6
1943	406,016	43,769	388,885	11.3
1944	413,781	87,200	410,170	21.0
1945	323,961	104,925	356,090	29.5
1946	277,940	29,852	303,190	9.8
1947	329,484	78,725	376,138	20.9
1948	331,749	111,626	406,269	27.5
1949	236,704	95,619	345,221	27.7
1950	301,510	164,634	426,121	38.6
1951	347,024	181,275	497,012	36.4
1952	331,273	352,503	520,197	67.8
1953 (total for year)	317,930	367,096	584,762	62.7
1st quarter	69,944	72,554	148,991	
2d quarter	88,718	92,899	158,459	
3d quarter	80,554	108,775	144,574	
4th quarter	78,714	92,868	132,738	
1954 (total for ½ year)	123,695	162,496	239,754	67.7
1st quarter	58,975	74,109	119,465	
2d quarter	64,720	88,387	120,289	

APPENDIX A

DESCRIPTION AND USES

Fluorspar (or fluorite) is a moderately hard transparent or translucent mineral. It varies in color from pure white through pink and yellow to deep purple. When fully refined it is a chemical compound consisting of 51.1 percent calcium and 48.9 percent fluorine, commonly called calcium fluoride. Pages 2 through 7 of exhibit No. 3 (a brief presented to the Committee for Reciprocity Information by the American producers in 1946, hereafter referred to as Industry Brief—1946) and pages 2 through 5 of exhibit No. 4 (A Tariff Commission Report on Fluorspar, Industrial Materials Series, Report No. N–5, hereafter referred to as TC Report—1952), both contain a detailed description of fluorspar, its commercial market grades, and their various and numerous strategic uses.

The word "fluorspar" is also generally used in the trade to describe the ore from which fluorspar (or fluorite) is derived. Fluorspar occurs mostly in the

form of underground veins or beds. The ore deposits usually contain gangue (various other minerals and impurities). Run-of-mine or crude fluorspar ore contains varying percentages of calcium carbonate, silica, barite, galena, and sphalerite.

The ore is processed through crushing and beneficiation by the application of heavy media (sometimes referred to as sink-float separation) or flotation processes to separate the fluorspar from the impurities and other minerals in the crude ore. These milling processes, which are performed in highly mechanized and modern milling facilities (as a result of wartime and more recent technological developments), separate the fluorspar into the three principal commercial market grades, which are metallurgical grade, ceramic grade, and acid grade.

Fluorspar's many highly critical uses in wartime make it a strategic and critical war material of high priority. To mention only a few strategic war uses, fluorspar is essential in the manufacture of steel, aluminum, magnesium, several important metal alloys, fiber glass, welding rods, fluorine and its many derivatives so important to the chemical industry, high-octane gasoline, and in the manufacture of the atom bomb.

In addition to critical war uses, fluorspar is essential to the manufacture of a large range of commodities essential to the everyday living of all people. Broadly speaking, it may be said that fluorspar enters almost every industrial activity. As a basis for this statement, consider fluorspar's essential use in the following: Steel, copper, lead, zinc, nickel, magnesium industries; iron foundries; cement, ferroalloys, glass, enamel, ceramic ware, welding rods, fiber glass, synthetic cryolite, aluminum fluoride, and aluminum manufacture; high-octane gasoline, insecticides, laundry sours, fluorides, fluosilicates, electroplating, medicine and dentistry, synthetic chemicals, dyes, lubricants, plastics, water treatment, pigments, solvents, fumigants, germicides, clothing fibers, resins, power development, catalysts, and others too numerous to mention.

As pointed out above, fluorspar is processed or milled into three principal commercial market grades, which are primarily industrial-use designations. The three grades are determined primarily by their calcium fluoride content.

Metallurgical grade

Metallurgical grade fluorspar ordinarily contains less than 90 percent calcium fluoride and not more than 5 percent silica. However, metallurgical fluorspar is classified and marketed according to its effective calcium fluoride content.

Silica contained in fluorspar is a detriment in metallurgical uses and reduces the effectiveness of the calcium fluoride. One percentage unit (per ton) of silica content counteracts or nullifies 2½ percentage units of calcium fluoride. Consequently, the effective calcium fluoride content in metallurgical fluorspar is determined by deducting 2½ percentage units of calcium fluoride for each percentage unit of silica contained in the fluorspar. Thus, metallurgical fluorspar containing 75 percent calcium fluoride and 5 percent silica would have an effective calcium fluoride content of 62½ percent.

Metallurgical fluorspar in general commercial usage is classified as having an effective calcium fluoride content of between 60 percent and 72½ percent and the price varies according to the effective calcium fluoride content. The largest use of metallurgical fluorspar is of 60 percent effective calcium fluoride content. There is a substantial use of 70 percent effective, and a small quantity of 72½ percent effective is required for higher grade steels.

The principal difference between the varying percentages of effective calcium fluoride content is the price. The higher the effective calcium fluoride content, the less fluorspar that is needed in steel production. The effective calcium fluoride content is the element of fluorspar actually used as a flux in steel production, and hence fluorspar with the higher effective content is the higher valued product. The cost factor of fluorspar to metallurgical users is the price per effective unit of calcium fluoride, rather than the mere price per ton. The steel companies and other metallurgical users will buy the lower grade or higher grade fluorspar, depending on which gives them the cheapest cost per effective unit of calcium fluoride. As a rule, the steel companies prefer the higher grades of fluorspar only if the price per ton of the higher grade gives them an effective unit of calcium fluoride at a lower cost than does the lower grade fluorspar.

Metallurgical fluorspar is marketed either in gravel form, used in steel production, or in lump form (larger pieces), used by the iron foundries. Some metallurgical fluorspar is also marketed in pelletized form, having been compressed into pellets from finely ground fluorspar or from flotation concentrates.

Metallurgical fluorspar is used primarily as a flux in the production of basic open-hearth steel and iron castings. Small amounts are used in the manufacture of alloy steels and ferroalloys.

Ceramic grade

Ceramic grade fluorspar contains from 85 to 97 percent calcium fluoride, depending upon consumer requirements, which are not standardized. The silica content is not a detriment in ceramic uses as it is in metallurgical uses and hence the silica content is not a determining factor.

Ceramic fluorspar is marketed in finely ground form, derived either from grinding high-grade fluorspar ore or concentrated from lower grade ores as a result of flotation separation.

The use of ceramic grade flourspar is considered of strategic and critical importance in the manufacture of magnesium, fiber glass, welding rods and as a flux in electric steel furnaces making higher grade steels. It is also essential in the manufacture of glass, vitreous enamels, and chinaware.

Acid grade

Acid grade fluorspar contains at least 97 percent calcium fluoride and not more than 1.1 percent silica. Acid grade fluorspar is usually marketed in finely ground or powered form. It is derived primarily as a concentrate through the flotation process of separation from lower grade ores. However, some acid grade fluorspar is produced by merely grinding particularly high grade fluorspar.

Acid grade fluorspar is a strategic war material of high priority. It is used primarily in the manufacture of hydrofluoric acid, essential to the production of aluminum, aviation gasoline, the atom bomb, and numerous fluorine compounds, many of which are highly critical war materials.

NO ACCEPTABLE SUBSTITUTES

There are no satisfactory or generally accepted substitutes for fluorspar in the above outlined uses (see p. 5 of Exhibit 4, TC Report—1952). After listing some possible substitutes for metallurgical and ceramic fluorspar, the Tariff Commission goes on to say:

"However, most of the substitute materials are less satisfactory than fluorspar from a technical point of view, and some of them are more costly. Furthermore, fluorspar has itself replaced some minerals—notably cryolite—that are in limited supply.

"There are no substitutes for acid fluorspar as a raw material for the production of hydrofluoric acid and its derivatives."

FLUORSPAR USED INDUSTRIALLY ONLY

Although every American is vitally affected by the essentiality of fluorspar in the production of so many and varied commodities that enter his daily life, as well as being essential to his security, the average consumer does not use fluorspar as such. It is used only in small quantities in making other products.

Fluorspar is used in such relatively small quantities in each of the products to which it is essential that it has negligible, if any, influence on consumer prices of the various finished products. In most manufacturing uses it loses its identity and weight in the finished product. For example, only 4 to 6 pounds of fluorspar are used in the manufacture of a ton of steel, only 100 to 150 pounds of fluorspar in a ton of aluminum and only 15 to 100 pounds in a ton of glass. It is apparent that the price of fluorspar cannot have any significant affect on the consumer price of articles made of aluminum, steel, or glass. The same negligible cost-consumer price relationship is present in all other consumer articles in the manufacture of which flourspar is essential, except fluorine chemicals where it is the principal raw material. Fluorine chemicals themselves are used primarily in the production of other products and not as consumer items.

For these reasons the consumer-price considerations with respect to American production and imports, in this case, are not as important as in the case of other commodities which are consumed by the public generally in the form in which they are imported or as in the case of imported commodities which constitute a substantial or the principal value of manufactured consumer items.

Consequently, the paramount interest of the general consuming public is that we have adequate tariff protection and a prosperous, efficient, and expanding fluorspar mining and milling industry in the United States in order to assure an adequate and readily available supply of fluorspar which is essential to the

manufacture of so many items which he consumes or uses, and which is so essential to his security in times of emergency or war.

Consumer prices do not constitute an important consideration in this case and, since fluorspar and fluorine chemicals are used in such small quantities in other products, it is not significant with respect to the retail prices of such other products to the consumer.

STRATEGIC IMPORTANCE OF FLUORSPAR

The essentiality and strategic importance of fluorspar in time of emergency or war is so well recognized that it need not be discussed in detail here. Because of its many strategic uses, fluorspar is included by the Munitions Board among the materials listed as strategic and critical.

Also, fluorspar has been and is being stockpiled. However, the stockpile objectives are being approached and stockpile purchases will decline in the future.

AMERICAN VS. FOREIGN PRODUCTION AND CONSUMPTION

Historically and recently, America has been the largest producer and by far the largest consumer of fluorspar in the world. However, during World War II and during postwar years both American production and consumption have increased more than it has in foreign countries.

AMERICA PRODUCES 40 PERCENT, CONSUMES 50 PERCENT OF WORLD SUPPLY

From 1946 to 1951, American production has averaged about 40 percent of total world production, and average American consumption has exceeded 50 percent of the total world output (in exhibit No. 4 compare table No. 1 on world production, including American, and table No. 3 on American consumption).

The point of paramount significance here, in the face of such a world supply-demand situation, is that it would be ridiculous to permit excessive low-cost imports to endanger curtailment of or threaten discontinuation of 40 percent of the world's production in America where over 50 percent of the world production is consumed.

Excessive imports in recent years have seriously curtailed American production, and have culminated in almost complete collapse of the domestic industry during 1953 and 1954. If this condition is permitted to continue, it is obvious that foreign control of the American market supply would cause American prices to go much higher than they have ever been—eventual price increases would be exorbitant.

Foreign production mostly in distant lands

Experience has proven (in two world wars) that we cannot rely on such foreign sources of supply during times of war when our strategic demands increase and become most critical.

From the above cited tables in exhibit No. 4 (TC report—1952), it will be noted that the great bulk of foreign production occurs in European countries which would be cut off from the American market in the event of war, as they have been in the past two world wars. The only nearby production occurs in Mexico and Canada (including Newfoundland). These nearby sources could not nearly meet American war requirements even if they could be relied on. The unpredictability of even nearly foreign government policies, both price-wise, and supplywise, make it extremely unwise to rely on such foreign sources for a substantial part of our possible wartime requirements—a security risk we cannot afford to take.

World production and the organiaztion and location of the domestic mining and milling industry are discussed at pages 6 to 13 of exhibit No. 4 (TC report—1952).

American production areas

Historically, the principal American production has been in the Illinois-Kentucky fluorspar district, with relatively smaller quantities being produced in the Western States of Colorado, New Mexico, Utah, Nevada, Arizona, Montana, and Texas. However, in recent years, production has increased relatively more in the Western States than in the Illinois-Kentucky field. For example, Colorado has replaced Kentucky as the second largest fluorspar producer, with Illinois remaining the largest producer. Table No. 4 of exhibit No. 4 shows American production by States and tables No. 3 and 4 attached hereto, show shipments by States and the principal fluorspar producers by States, with the location of

their milling plants. In addition to those producers listed, which are only those having milling facilities, there are a large number of mining operations which sell crude ore to the listed mills for processing and sale as finished products.

When these mines and mills are actively operating, as they were in 1952 and the early part of 1953, they employ nearly 3,000 persons in areas where little if any alternative employment is available. Today, because of excessive low-cost low-priced imports, most of the mines are closed or operating at a very small percent of capacity and are employing substantially less than half of normal employment.

Mining methods

Fluorspar occures primarily in vertical veins with some horizontal bed deposits. These deposits occur mostly deep under the ground and require expensive shaft mining. There are a few deposits close enough to the surface to permit strip mining.

Since World War II, the Government has carried on several programs to encourage the expansion of existing mining facilities and the discovery of new fluorspar deposits. During and since World War II, there has been considerable modernization and mechanization of the American mining facilities. Most of the larger fluorspar mines now utilize the most modern and highly mechanized equipment, making it economical to mine lower grade deposits, thus increasing American reserves of fluorspar and production capacity.

Milling methods

Prior to World War II, a large part of American fluorspar was processed for market by handpicking, log washing, or by mechanical jig mills.

Improvement and expansion of the flotation process of separating and concentrating fluorspar has now practically eliminated all jig mills. Modernization and mechanization have substantially reduced milling costs for ceramic and acid grade fluorspar. The improvement of the flotation process has also made it economical to produce ceramic and acid grade fluorspar from much lower grade ores, thus greatly increasing our production capacity and the American reserves of fluorspar suitable for acid grade production.

Toward the end of the war, the heavy media process (sometimes referred to as "sink-float") was adapted to the milling of metallurgical grade fluorspar. This heavy media process of milling has also cut milling costs and through wide adoption in the industry (almost universal) has greatly increased the production capacity for metallurgical grade fluorspar, and, again, has made possible the use of much lower grade ores.

FOREIGN AND DOMESTIC FLUOSPAR IDENTICAL AND DIRECTLY COMPETITIVE

While foreign and domestic fluorspar ores may vary somewhat in composition, it is the calcium fluoride content which is useful, gives it value, and determine the price. The calcium fluoride content of both foreign and domestic fluorspar is identical in all respects. Its uses are identical. Both foreign and domestic fluorspar are sold through the same trade channels to identically the same users. Both are used interchangeably by all American users of fluorspar. Imported fluorspar competes directly with and displaces American fluorspar in American consumption.

In the case of acid and ceramic fluorspar, both foreign and domestic, the calcium fluoride content is so high that the composition of the residue (primarily impurities) is insignificant from a commercial or competitive standpoint.

In the case of metallurgical fluorspar, both foreign and domestic, there may be wide difference in effective calcium fluoride content (calcium fluoride content minus 2½ percentage units for each percentage unit of silica), varying from 60 to 72½ percent in commercial classifications. However, all metallurgical fluorspar, regardless of the effective calcium fluoride content, competes directly on the basis of the cost per unit of effective calcium fluoride. For example, 60 percent fluorspar and 70 percent fluorspar compete directly on the basis of the cost per effective unit of calcium fluoride. The user will not pay more per effective unit in 70 percent fluorspar than he will in 60 percent fluorspar, or vice versa.

No one at the hearing, or elsewhere, questioned the fact that the calcium fluoride content of foreign and domestic fluorspar is identical and directly competitive in all its uses. The only difference between foreign and domestic fluorspar is the much lower foreign cost of production and the much lower foreign price when imports (actual or potential) tend to create an excessive supply available to the domestic market.

TABLE NO. 1–A.—*Acid grade fluorspar imports for consumption*

[Containing more than 97 percent calcium fluoride. Total imports, imports for Government stockpile and net imports for industrial consumption]

[Short tons]

	Quantity			Foreign value			Unit value		
	Total quantity	For Government stockpile	Net quantity for industrial consumption	Total (thousands)	For Government stockpile (thousands)	Net value for industrial consumption (thousands)	All imports (dollars per ton)	For Government stockpile (dollars per ton)	For industrial consumption (dollars per ton)
1937–39 average	7,605		7,605	$144		$144	$19.01		$19.01
1943	1,854	1,494	360	24	$18	6	12.75	$12.05	16.67
1944	5,562	4,472	1,090	153	127	26	27.59	28.40	23.85
1945	10,275	7,498	2,777	255	193	62	24.80	25.74	22.33
1943–45 average	5,897	4,488	1,409						
1946	6,621		6,621	159		159	23.99		23.99
1947	15,623		15,623	347		347	22.18		22.18
1948	20,196		20,196	531		531	26.31		26.31
1949	20,490		20,490	493		493	24.07		24.07
1946–49 average	15,733		15,733						
1950	43,488	2,720	40.768	1,050	94	956	24.15	34.56	23.45
1951	52,991	22,099	30,892	1,899	929	970	35.84	42.04	31.40
1952	127,648	44,585	83,063	5,774	2,166	3,608	45.23	48.58	43.44
1950–52 average	74,709	23,134	51,574						
1953	209,042	105,081	103,961	8,778	4,773	4,005	41.99	45.42	38.52
1950	207,198	50,774	156,424	7,602	2,178	5,424			

Source: Bureau of Census, Department of Commerce.

NOTE.—Small but undeterminable quantities of these acid grade imports (believed negligible) may have found their way into ceramic uses. In 1953 and 1954 it is believed that substantial quantities of acid lump have gone to metallurgical uses (after downgrading)because of the much lower duty on acid grade ($1.875 versus $7.50 per short ton).

TABLE NO. 1–B.—*Metallurgical grade fluorspar imports for consumption*

[Containing not more than 97 percent calcium fluoride. Total imports, imports for Government stockpile and net imports for industrial consumption]

[Short tons]

	Quantity			Foreign value			Unit value		
	Total quantity	For Government stockpile	Net quantity for industrial consumption	Total (thousands)	For Government stockpile (thousands)	Net value for industrial consumption (thousands)	All imports (dollars per ton)	For Government stockpile (dollars per ton)	For industrial consumption (dollars per ton)
1937–39 average	16,724		16,724	$143		$143	$8.54		$8.54
1943	41,915	41,509	406	603	$597	6	14.40	$14.38	14.78
1944	81,638	79,431	2,207	1,527	1,487	40	18.70	18.72	18.12
1945	94,650	75,520	19,130	1,968	1,606	362	20.79	21.27	18.92
1943–45 average			7,248						
1946	23,231		23,231	358		358	15.41		15.41
1947	63,102	3,959	59,143	910	42	868	14.43	10.61	14.68
1948	91,430		91,430	1,294		1,294	14.15		14.15
1949	75,128		75,128	1,056		1,056	14.05		14.05
1946–49 average			62,233						
1950	121,146		121,146	1,529		1,529	12.62		12.62
1951	128,284	633	127,651	2,211	26	2,185	17.24	41.07	17.12
1952	224,521	10,696	213,825	4,745	481	4,264	21.13	44.97	19.94
1950–52 average			154,207						
1953	151,779	168	151,611	2,758	6	2,752	18.17	35.71	18.15
1954	87,345		87,345	1,386		1,386			

Source: Bureau of Census, Department of Commerce.

NOTE.—Small but undeterminable quantities (believed negligible) of these imports have normally found their way into ceramic uses, with some increase since 1952.

[Short tons]

TABLE NO. 1-C.—*Fluorspar—all grades, imports for consumption*

[Total imports, imports for Government stockpile and net imports for industrial consumption]

[Short tons]

	Quantity			Foreign value			Unit value		
	Total quantity	For Government stockpile	Net quantity for industrial consumption	Total (thousands)	For Government stockpile (thousands)	Net value for industrial consumption (thousands)	All imports (dollars per ton)	For Government stockpile (dollars per ton)	For industrial consumption (dollars per ton)
1937-39 average	24,329		24,329	$287		$287	$11.81		$11.81
1943	43,769	43,003	766	627	$615	12	14.33	$14.30	15.67
1944	87,200	83,903	3,297	1,680	1,614	66	19.27	19.24	20.02
1945	104.925	83,018	21,907	2,223	1,799	424	21.18	21.67	19.35
1943-45 average	78,631	69,974	8,657						
1946	29,852		29,852	517		517	17.31		17.31
1947	78,725	3,959	74,766	1,257	42	1,215	15.96	10.61	16.25
1948	111,626		111,626	1,825		1,825	16.35		16.35
1949	95,618		95,618	1,549		1,549	16.20		16.20
1946-49 average	78,955	3,959	77,966						
1950	164,634	2,720	161,914	2,579	94	2,485	15.67	34.56	15.35
1951	181,275	22,732	158,543	4,110	955	3,155	22.67	42.01	19.90
1952	352,169	55,281	296,888	10,518	2,647	7,871	29.87	47.88	26.51
1950-52 average	232,692	26,911	205,784						
1953	360,821	105,249	255,572	11,536	4,779	6,757	31.97	45.51	26.44
1954	294,543	50,774	243,769	8,988	2,178	6,810			

Source: Bureau of Census, Department of Commerce.

TABLE NO. 2-A.—*Acid grade fluorspar*

[Domestic shipments, net industrial imports [1] and reported consumption 1937-39 average, 1943-53 and 1st 9 months of 1954]

[Short tons]

	Domestic mine shipments [2]	Percent of consumption	Imports containing more than 97 percent calcium fluoride [1]	Percent of consumption	Shipments plus imports	Percent of consumption	Reported consumption [3]	Percent of total consumption all grades
1937-39 average	18,942	82.0	7,605	32.9	26,547	114.9	23,100	14.2
1943	123,680	103.6	360	.3	124,040	103.9	119,397	30.7
1944	121,084	88.6	1,090	.8	122,174	89.4	136,634	33.3
1945	80,155	72.0	2,777	2.5	82,932	74.5	111,316	31.2
1943-45 average	108,306	88.4	1,409	1.2	109,715	89.6	122,449	31.8
1946	79,047	92.6	6,621	7.8	85,668	100.4	85,318	28.1
1947	89,667	88.6	15,623	15.4	105,290	104.0	101,259	26.9
1948	96,848	89.3	20,196	18.6	117,044	107.9	108,436	26.7
1949	70,759	78.5	20,490	22.7	91,249	101.2	90,102	26.1
1946-49 average	84,080	87.3	15,733	16.4	99,813	103.7	96,279	26.9
1950	97,659	78.5	40,768	32.8	138,427	111.3	124,440	29.2
1951	123,125	81.2	30,892	20.3	154,017	101.5	151,698	30.5
1952	136,514	76.6	83,063	46.6	219,577	123.2	178,267	34.3
1950-52 average	119,099	78.6	51,574	34.1	170,673	112.7	151,468	31.5
1953	163,312	73.1	103,961	46.6	267,273	119.7	223,360	38.1
1954	163,141		156,424		319,565		255,096	

[1] Net imports for industrial consumption (excluding Government imports for stockpiling) taken from table 1-A attached hereto. This includes small but undeterminable quantities of imports that may have found their way into metallurgical or ceramic uses. During 1953 and 1954 it is believed that substantial quantities of these acid grade imports went to metallurgical uses (after down grading) because of the much lower duty on acid grade ($1.875 versus $7.50 per short ton).

[2] Includes negligible quantity of exports (see table 2 of hearing exhibit No. 4, Tariff Commission Report—1952), as reported by Bureau of Mines.

[3] Actual consumption as reported by consumers to and published by Bureau of Mines, Department of Interior.

TABLE NO. 2-B.—*Metallurgical grade fluorspar*

[Domestic shipments, net industrial imports [1] and reported consumption, 1937-39 average, 1943-53 and 1st 9 months of 1954]

[Short tons]

	Domestic mine shipments [2]	Percent of consumption	Imports containing not more than 97 percent calcium fluoride [1]	Percent of consumption	Shipments plus imports	Percent of consumption	Reported consumption [3]	Percent of total consumption all grades
1937-39 average	107,133	89.8	16,724	14.0	123,857	103.8	119,266	73.6
1943	224,207	92.9	406	.2	224,613	93.1	241,408	62.1
1944	223,405	93.9	2,207	.9	225,612	94.8	238,016	58.0
1945	189,495	92.6	19,130	9.3	208,625	101.9	204,702	57.5
1943-45 average	212,369	93.1	7,248	3.2	219,617	96.3	228,042	59.2
1946	139,150	82.9	23,231	13.9	162,381	96.8	167,704	55.3
1947	169,866	78.7	59,143	27.4	229,009	106.1	215,962	57.4
1948	177,300	73.4	91,430	37.9	268,730	111.3	241,504	59.4
1949	122,367	58.5	75,128	35.9	197,495	94.4	209,317	60.6
1946-49 average	152,171	72.9	62,233	29.8	214,404	102.7	208,622	58.3
1950	153,355	63.7	121,146	50.3	274,501	114.0	240,802	56.5
1951	171,181	61.9	127,651	46.1	298,832	108.0	276,654	55.7
1952	145,699	53.5	213,825	78.5	359,524	132.0	272,476	52.4
1950-52 average	156,745	59.5	154,207	58.6	310,952	118.1	263,311	54.7
1953	119,507	41.5	151,611	52.7	271,118	94.2	287,607	49.0
1954	53,107	----	82,345	----	140,452	----	196,128	----

[1] Net imports for industrial consumption (excluding Government imports for stockpiling) taken from table 1-B attached hereto. This includes small but undeterminable quantities of imports that may have found their way into ceramic uses. Also during 1953 and 1954 substantial quantities of acid grade imports (containing more than 97 percent calcium fluoride) and included in table 2-A probably found their way into metallurgical uses (after being downgraded) because of the much lower duty on acid grade imports ($1.875 versus $7.50 per short ton).

[2] Includes negligible quantity of exports (see table 2 of hearing exhibit No. 4, Tariff Commission report, 1952), as reported by Bureau of Mines.

[3] Actual consumption as reported by consumers to and published by Bureau of Mines, Department of Interior.

TABLE NO. 2-C.—*Ceramic grade and unclassified fluorspar*

[Domestic shipments and reported consumption, 1937-39 average, 1943-54]

[Short tons]

	Ceramic grade				Unclassified			
	Domestic mine shipments [1]	Percent of consumption	Reported consumption [2]	Percent of total consumption all grades	Domestic mine shipments [1]	Percent of consumption	Reported consumption [2]	Percent of total consumption all grades
1937-39 average	17,812	100.0	17,800	11.0	4,247	223.5	1,900	1.2
1943	21,059	94.4	22,318	5.7	37,070	643.4	5,762	1.5
1944	29,859	100.0	29,862	7.3	39,433	696.9	5,658	1.4
1945	35,960	101.1	35,569	10.0	18,351	407.5	4,503	1.3
1943-45 average	28,959	99.0	29,250	7.6	31,618	595.7	5,308	1.4
1946	47,377	101.7	46,591	15.4	12,366	345.7	3,577	1.2
1947	49,559	97.0	51,068	13.6	20,392	259.8	7,849	2.1
1948	45,375	98.4	46,118	11.4	12,226	119.7	10,211	2.5
1949	32,352	89.1	36,307	10.5	11,226	118.2	9,495	2.8
1946-49 average	43,666	97.0	45,021	12.6	14,053	180.6	7,783	2.2
1950	38,282	93.0	41,163	9.7	12,214	61.9	19,716	4.6
1951	39,392	93.3	42,241	8.5	13,326	50.4	26,419	5.3
1952	33,487	85.8	39,042	7.5	15,573	51.2	30,412	5.8
1950-52 average	37,054	90.8	40,815	8.5	13,704	53.7	25,516	5.3
1953	35,111	90.4	38,818	6.6	(3)	----	37,014	6.3
1954	28,691	----	35,482	----	(3)	----	21,935	----

[1] Includes negligible quantity of exports (see table 2 of hearing exhibit No. 4, Tariff Commission report, 1952), as reported by Bureau of Mines.

[2] Actual consumption as reported by consumers to and published by Bureau of Mines, Department of Interior.

[3] Not reported after 1952—included in acid, ceramic or metallurgical grades.

NOTE.—Normally imports for ceramic and unclassified uses have been negligible and all imports are included in tables 2-A and 2-B as acid grade (containing more than 97 percent calcium fluoride) or metallurgical grade (containing not more than 97 percent calcium fluoride). However, in 1953 and 1954 somewhat larger but undeterminable quantities of imports, particularly acid grade, have found their way into ceramic grades uses. Probably most of the above indicated unclassified shipments and consumption have been metallurgical. However, it will be noted that the quantity of shipments and consumption of both ceramic and unclassified fluorspar is very small in relation to acid and metallurgical grade fluorspar, thus having little influence on the overall fluorspar picture.

TABLE NO. 2–D.—*Fluorspar—all grades*

[Domestic shipments, industrial imports,[2] and reported consumption, 1937–39 average, and 1943–51]

[Short tons]

	Domestic mine shipments [1]	Percent of consumption	Imports [2]	Percent of consumption	Shipments plus imports	Percent of consumption	Reported consumption [3]
1937–39 average	148,134	91.4	24,329	15.0	172,463	106.4	162,066
1943	406,016	104.4	766	.2	406,782	104.6	388,885
1944	413,781	100.9	3,297	.8	417,078	101.7	410,170
1945	323,961	91.0	21,907	6.2	345,868	97.2	356,090
1943–45 average	381,253	99.0	8,657	2.2	389,909	101.2	385,048
1946	277,940	91.7	29,852	9.8	307,792	101.5	303,190
1947	329,484	87.6	74,766	19.9	404,250	107.5	376,138
1948	331,749	81.7	111,626	27.4	443,375	109.1	406,269
1949	236,704	68.6	95,618	27.7	332,322	96.3	345,221
1946–49 average	293,969	82.2	77,966	21.8	371,935	104.0	357,705
1950	301,510	70.8	161,914	38.0	463,424	108.8	425,121
1951	347,024	69.8	158,543	31.9	505,567	101.7	497,012
1952	331,273	63.7	296,888	57.1	628,161	120.8	520,197
1950–52 average	326,602	67.9	205,784	42.7	532,384	110.6	481,110
1953	318,036	54.2	255,572	43.5	573,608	97.7	586,798
1954	244,939	----------	243,769	----------	488,708	----------	478,641

[1] Includes negligible quantity of exports (see table 2 of hearing exhibit No. 4, Tariff Commission Report, 1952), as reported by Bureau of Mines.

[2] Net imports for industrial consumption (excluding Government imports for stockpile) taken from table No. 1 attached hereto. This includes small but undeterminable imports that may have found their way into metallurgical or ceramic uses. During 1953 and 1954 it is believed that substantial quantities of these acid-grade imports went to metallurgical uses because of the much lower duty on acid grade ($1.875 versus $7.50 per short ton).

[3] Actual consumption as reported by consumers to and published by Bureau of Mines, Department of Interior.

TABLE NO. 3.—*Proven crude fluorspar reserves (ore containing more than 35 percent calcium fluoride)*

[Short tons—November 1954]

Illinois:	
Ozark-Mahoning Co., Rosiclare, Ill	2,500,000
Minerva Oil Co., Cave-In-Rock, Ill	1,700,000
Aluminum Company of America, Rosiclare, Ill	2,000,000
Rosiclare Lead & Fluorspar Mining Co., Rosiclare, Ill	200,000
Hicks Creek Mining Co., Elizabethtown, Ill	100,000
Mackey-Humm Mining Co., Rosiclare, Ill	50,000
Goose Creek Mining Co., Cave-In-Rock, Ill	50,000
Victory Fluorspar Mining Co., Cave-In-Rock, Ill	200,000
Miscellaneous	750,000
Illinois total	7,550,000
Kentucky:	
Pennsylvania Salt Co., Marion, Ky	2,000,000
Reynolds Metals Co., Marion, Ky	250,000
United States Steel Co., Mexico, Ky	800,000
Inland Steel Co., Keystone Mine, Ky	500,000
Miscellaneous—Kentucky	1,500,000
Kentucky total	5,050,000

TABLE No. 3.—*Proven crude fluorspar reserves (ore containing more than 35 percent calcium fluoride)*—Continued

[Short tons—November 1954]

Western States:	
Ozark-Mahoning Co.:	
Cowdrey, Colo	2,500,000
Jamestown, Colo	250,000
General Chemical Co., Jamestown, Colo	1,000,000
Aluminum Company of America, Cowdrey, Colo	
Reynolds Metals Co., Salida, Colo	
General Chemical Co.:	
Colorado Springs, Colo	1,500,000
Salida, Colo	
Kaiser Aluminum & Chemical Co.:	
Nevada	
Miscellaneous suppliers	
Zuni Milling Co., Grants, N. Mex	1,000,000
General Chemical Co., N. Mex	500,000
Miscellaneous tonnages, Arizona and New Mexico	200,000
H. B. Stroup, Hot Wells, Tex	100,000
Darby, Mont., area	500,000
Idaho, miscellaneous	200,000
Utah, Delta fluorspar area	1,000,000
Western States total	8,750,000
Recapitulation:	
Illinois	7,550,000
Kentucky	5,050,000
Western States	8,750,000
Total	20,850,000

NOTE.—These are estimates of known reserves. Experience has shown that when ore is actually mined there is usually about 50 percent more than was estimated.

Source: Survey conducted by leading geologists and managers currently active in industry.

TABLE No. 4.—*Acid grade fluorspar estimated production capacity*

[Considering both reserves and milling facilities]

[Short tons—November 1954]

Ozark-Mahoning Co.:	
Rosiclare, Ill	36,000
Northgate, Colo	40,000
Jamestown, Colo	10,000
Aluminum Company of America, Rosiclare, Ill	50,000
Minerva Oil Co., Cave-In-Rock, Ill	20,000
Rosiclare Lead & Fluorspar Mining Co., Rosiclare, Ill	6,000
Kentucky Fluorspar Co.:	
Marion, Ky	10,000
Rosiclare, Ill	10,000
Pennsylvania Salt Manufacturing Co., Marion, Ky	10,000
General Chemical Co.:	
Boulder, Colo	20,000
Deming, N. Mex	12,000
Zuni Milling Co., Los Lunas, N. Mex	20,000
Reynolds Metals Co., Salida, Colo	15,000
Holmes Stake Mining Co., Yuma, Ariz	10,000
Kaiser Aluminum & Chemical Co., Fallon, Nev	15,000
Total American production capacity	264,000

Source: Survey conducted by leading geologists and managers currently active in industry.

TABLE No. 5.—*Metallurgical grade fluorspar estimated production capacity*

[Considering both reserves and milling facilities]

[Short tons—November 1954]

Illinois:	
Ozark-Mahoning Co., Rosiclare, Ill	10,000
Minerva Oil Co., Cave-In-Rock, Ill	36,000
Rosiclare Lead & Fluorspar Mining Co., Rosiclare, Ill	20,000
Mackey-Humm Mining Co., Rosiclare, Ill	15,000
Victory Fluorspar Mining Co., Elizabethtown, Ill	12,000
Hicks Creek Mining Co., Elizabethtown, Ill	12,000
Goose Creek Mining Co., Cave-In-Rock, Ill	12,000
Burgess Mining Co., Rosiclare, Ill	7,500
Miscellaneous, Hardin County, Ill	5,000
Illinois total	129,500
Kentucky:	
Kentucky Fluorspar Co., Marion, Ky	15,000
Delhi Fluorspar Co., Marion, Ky	4,000
J. W. Crider, Marion, Ky	6,000
C. & L. Mining C., Marion, Ky	5,000
Crider and Stout, Marion, Ky	5,000
Rosiclare Lead & Fluorspar Mining Co. (Pygmy), Marion, Ky	4,000
United States Steel Co., Mexico, Ky	30,000
Inland Steel Co., Keystone Mine, Ky	15,000
Miscellaneous	10,000
Kentucky total	94,000
Western States:	
Cummins and Roberts, Darby, Mont	20,000
Delta Fluorspar Association, Delta, Utah	25,000
Miscellaneous—Western producers	30,000
Western States total	75,000
Total American production capacity	298,500

Source: Survey conducted by leading geologists and managers currently active in industry.

MARION, KY., *March 19, 1955.*

Hon. EARLE CLEMENTS,
United States Senate, Washington, D. C.

DEAR EARLE: In the 36 years I have been in the Illinois-Kentucky area I have seen nothing like this: Steel plants operate near 100-percent capacity. Flourspar consumption is great over the Nation. Consumption in fluorspar chemicals is at alltime high (chemicals use about 50 percent of all fluorspar now).

Strange to say, the loading spots on the railroad are 100-percent empty almost all the time. Two years ago it was common to see 12 to 15 cars in loading at Marion sidings. Now it's unusual to see a car at all being loaded. Some loading spots have not had one car in the past year.

The men who once worked are idle or they have gone from Kentucky. The same is true in Illinois.

A man with orepiles could not liquidate. There is no market. There are no buyers for domestic fluorspar.

You may recall when we studied logic we had the dilemma with two horns. Both horns are against us today. The situation is an enigma.

Thanks for all you have done and best wishes.

Your friend,

BEN CLEMENT.

The CHAIRMAN. The committee will adjourn until 10 o'clock tomorrow.

(Whereupon, at 12:40 p. m., the committee adjourned, to reconvene at 10 a. m., Tuesday, March 22, 1955.)

TRADE AGREEMENTS EXTENSION

TUESDAY, MARCH 22, 1955

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:10 a. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Martin, Flanders, Malone, Carlson, and Bennett.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The meeting will come to order.

Mr. CARLSON. Mr. Chairman, I wish to offer for the record a statement from Mrs. C. Y. Semple, of Baxter Springs, Kans., regarding the economic conditions in the tristate mining district of Kansas, Oklahoma, and Missouri. Mrs. Semple has been operating in the lead and zinc industry in that area since 1918 and is thoroughly familiar with the problems.

The CHAIRMAN. Thank you Senator Carlson. The statement will be inserted in the record as desired.

(The statement referred to is as follows:)

STATEMENT OF MRS. C. Y. SEMPLE, BAXTER SPRINGS, KANS., ON TRISTATE MINING DISTRICT, KANSAS, OKLAHOMA, AND MISSOURI

1. More than 2,000 miners unemployed.
2. The 2,000 employed are receiving depression wages.
3. More than 1,000 miners have left the district and due to circumstances about two-thirds of them have had to leave their families behind while they were seeking work elsewhere.
4. Safeway and J. C. Penny have quit Picher. Montgomery-Ward has quit Miami, while a distressing number of small businesses have been forced to go out of business.
5. Coupled with 3 years of drought we are rapidly becoming a distress area.
6. Two major unions in district have recognized conditions: First, union signed contract for $11.20 per day; second, union signed contract for $10 per day.
7. Fifty-five independent operators paying average of $9 per day.
8. In 1954 district stepped up zinc recovery percentagewise to 4 percent the highest in 15 years. This is the best evidence operators are only mining their very best deposits (hitting the bright spots) which is disastrous to any mining operation.
9. With a market price of $68 a ton for zinc concentrates, a 4 percent recovery is equal to $2.72 a rock ton. Average cost per rock ton: Mining, $2; milling, 95 cents; royalty, 27 cents for a total of $3.22 or 50 cents loss on each rock ton.
10. In 1952 there were 319 mines and 20 mills (Bureau of Mines). Today there are less than 100 mines and 4 mills.
11. In 1949 we produced 68 percent and imported 32 percent of the zinc. In 1954 we produced 32 percent and imported 68 percent of the zinc. Yet national consumption of zinc has increased.

12. We urge any of the following courses:
(a) The President grant the relief recommended by the Tariff Commission.
(b) Put an excise tax of 3 cents a pound on foreign ores whenever zinc dipped below 13½ cents or lead fell below 15 cents per pound.
(c) Put a quota on foreign imports of zinc and lead.

The CHAIRMAN. The first witness is a distinguished member of the Senate, Senator O'Mahoney, of Wyoming.

STATEMENT OF HON. JOSEPH C. O'MAHONEY, A UNITED STATES SENATOR FROM THE STATE OF WYOMING

Senator O'MAHONEY. Mr. Chairman, I have prepared a typewritten statement which attempts to summarize some of the points that I have in mind with respect to the amendment which I offer, namely, that no trade agreement should be permitted to become effective until approved by both Houses of Congress.

At this point I should like to offer for the record the amendment to H. R. 1 which I intend to propose and in support of which I appear today.

(The amendment referred to follows:)

[H. R. 1, 84th Cong., 1st sess.]

AMENDMENT intended to be proposed by Mr. O'Mahoney to 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, viz: At the end of the bill insert the following new section:

SEC. . No foreign trade agreement hereafter entered into under the authority delegated to the President by section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), no amendatory or supplementary agreement hereafter entered into under such section, and no duties or other import restrictions specified in a proclamation issued by the President to carry out any such foreign trade agreement or any such amendatory or supplementary agreement, shall take effect until the Congress by law has specifically approved such agreement; and no notice of termination under section 2 (b) of the act of June 12, 1934, as amended (19 U. S. C., sec. 1352 (b)), shall take effect with respect to any foreign trade agreement, or any amendatory or supplementary agreement, hereafter entered into under such section 350, until the Congress by law has specifically approved such notice of termination.

I wish also to make some comments which I feel to be necessary on the views of the State Department. This morning, for the first time, I had the opportunity to read the testimony, or part of the testimony, given by the Secretary of State, Mr. John Foster Dulles, on the 14th of March. That testimony seems to me to be a complete proof of the desirability of the amendment which I offer.

Of course, the chairman knows that I have appeared before this committee every time the reciprocal trade agreements bill was before the committee during my service as a Member of the Senate. I came to argue for the preservation of the Constitutional power of Congress to fix duties and imports. I believe that the drift toward executive government has been so great that the arguments which I made in 1934 for the first time, later in 1937, later in 1940, later in 1943, are even more sound today than they were then; for now the legislative power over tariffs is being absorbed by the Executive as a function of the President.

This bill is presented to us in basic terms in the same language in which it was presented in 1934. And yet the conditions before the country have completely changed. The testimony of Secretary Dulles

proves that this bill is not a bill, as is stated on page 2 in section (a) 1 of section 3—

for the purpose of expanding foreign markets for the products of the United States as a means of assisting in the establishing and maintaining of a better relationship among the various branches of American agriculture, industry 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 which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States. It is not a bill to vest the President with congressional powers over the tariff rates "whenever," as the bill puts it, "he finds as a fact that any existing duties * * * are unduly burdening and restricting the foreign trade of the United States." It is a bill to give the President exclusive power to make trade agreements for the purposes of foreign policy even though domestic trade and commerce may be sacrificed.

What does the Secretary of State say? He appeared before the committee to tell you the purpose of the bill. He was interrogated by Senator Millikin. I am reading from page 2412 of the transcript. Senator Millikin is asking this question:

Do you agree there is authority in the act to trade away an American payroll to serve an international purpose, if it causes injury to that American payroll?

Secretary DULLES. Conceivably so; yes. We do a lot of other things, sir, which do great injury to American people, to serve an international purpose.

We send a lot of people to be killed, which is a lot worse than going off a payroll.

How are we to interpret these words of Mr. Dulles to the country? What does the Secretary of State mean? He is saying that if the Congress passes a draft law and lays the hand of the Government of the United States upon the youth of the country and sends them into battle, then under this law, which declares specifically that its purpose is to promote American industry, it has the right by secretly negotiated trade agreements, to lay the heavy hand of the Government upon any industry in the United States. The plain difference between the draft law and this law is that in the draft Congress knows specifically what is to be done, and the whole machinery of the draft is carried out in full public view, but under this law Congress abandons its function to the Executive, and the agreements which sacrifice American industries are made behind closed doors.

I am here today to say that the time has come for the Congress to resume its power over levying duty and imposts, a power granted to it in section 8 of the first article of the Constitution lest the legislative power of this Government should continue to be surrounded to the Executive. There should be no quibbling about it; for Congress is losing its authority. The argument of the Secretary in the beginning of his testimony, to my mind, is merely diversionary language, well calculated to conceal the real object. Let me read some of it.

Senator MARTIN. Mr. Chairman, would the Senator yield for a question at this point?

Senator O'MAHONEY. Certainly.

Senator MARTIN. The Secretary mentioned the sending of our youth into battle. But that is at a time when the country is in jeopardy, that we all——

Senator O'MAHONEY. Well, the country is certainly in jeopardy now, Senator Martin, when our constitutional system is in danger.

Senator MARTIN. What I am getting at now is, we put our industry in jeopardy during time of war, but this is peacetime, we are not send-

ing our boys into battle in time of peace, nor should we jeopardize our industry upon which our people survive.

What I am getting at is, I don't think the Secretary's position is a good illustration, because in time of war our whole country is in jeopardy. We ask industry to turn over from the making of peacetime articles into the articles of war.

Senator O'MAHONEY. Of course it is not a good illustration, Senator Martin.

What is this administration dedicated to? The balancing of the budget. What is it dedicated to with respect to the economic situation? Why, it is dedicated to the promotion of prosperous conditions. That is its announced purpose.

I could bring before you, however, the economic report of the President, and cite to you the map that was presented to Congress under the authority of the President showing a string of States in which there is unemployment, from New England right down to Mississippi, as I recall it, 9 States stretching from Maine to Mississippi, and including Oregon on the Pacific coast, show unemployment of 7 percent and over as compared with the national overage of 5.2 percent.

The Senator from Vermont, Mr. Flanders, is perfectly well aware of that testimony given by the President's Economic Report showing that we have unemployment in the United States.

The same report shows that the income of agriculture has declined. We see unemployment upon the one hand, we see the income of agriculture declining, we see the dividends of the big corporations increasing. And now the Secretary of State comes before us and says, because we have the power to draft men to go into battle, we are going to draft industries and sacrifice these industries in the international field. His language is susceptible of no other interpretation.

Senator MALONE. Mr. Chairman, I want to join with the senior Senator from Wyoming. It is a question of the interpretation of this basic law. And Mr. Dulles is right in his interpretation. It has been right all along. And the Senator from Wyoming is entirely correct in questioning not only the propriety of it, but even the constitutionality of it. The Secretary makes no bones about it. He just says under this law we can encourage imports in one industry, cut them down, try to encourage them in another industry, more expert, and he thinks he has the full authority under that law to do that. and so do I.

And, furthermore, the State Department, Senator O'Mahoney, has before now made it very clear that they not only intend to do what they have already done and intend to do in the future, that is, remake the industrial map of the country, but they think Congress should appropriate money to move workers from one area to another and to compensate investors for their loss of investment.

You have heard that, haven't you?

Senator O'MAHONEY. Who is to decide where a man lives, that man or the Department of State? Who is to control migration into the United States, or from State to State?

Senator MALONE. Russia does that, but I didn't think we were going into that business.

Senator O'MAHONEY. Well, I am happy to have the Senators realize what this means. Freedom is lost when the State exercises such control.

But I am trying to show you how the Secretary is attempting to persuade Congress that a new policy has been adopted. It hasn't been adopted by Congress. And it hasn't been adopted by the language in the bill. The Secretary says:

> H. R. 1 would continue a policy which was inaugurated many years ago. The heart of that policy is recognition that our foreign trade is a matter of international concern and that accordingly a limited discretion to deal with tariffs should be given the President as the person who, knowing both domestic and international factors, can best judge what will serve the welfare of our Nation.

Mr. Chairman, there isn't a member of this committee, there isn't a Member of Congress, there isn't a member of any one of the Government agencies which participate in the formulation of these trade agreements, who doesn't know that the President delegates that power that we give him to other individuals unknown to the Constitution and that it is their discretion, not that of the President which is exerted.

Senator CARLSON. Would you be kind enough to give us the figures for unemployment in January and February of this year?

Senator O'MAHONEY. I will get the figures from the report of the President and put them in the record.

(The following was subsequently received for the record:)

> Table D–17 on "Employment and unemployment," appearing on page 155 of the Economic Report of the President, transmitted to Congress January 20, 1955 (84th Cong., 1st sess., H. Doc. 31) shows that total unemployment in 1952 was 1,673,000; in 1953, 1,523,000; in 1954, 3,230,000. The Economic Indicators for March 1955, a monthly statistical publication prepared under the supervision of Dr. Arthur F. Burns, Chairman of the Council of Economic Advisers, on page 7, under the heading of Employment and Wages, shows that unemployment had increased in 1954, from a monthly average of 2.7 in 1952 and 2.5 in 1953, to a monthly average of 5 percent. The same table gives the national average of unemployment for January and February 1955, as 5.3 percent. Insured unemployment for January and February 1955, is reported as respectively 2,201,000 and 2,116,000. This compares with a monthly average of 1,058,000 in 1953, 1,064,00 in 1952.

Senator FLANDERS. May I ask a question or two, Senator?

Senator O'MAHONEY. Certainly.

Senator FLANDERS. It seems to me that we are getting off the beam in this discussion. And if the Senator from Wyoming will excuse me, I would like to suggest getting back on the beam.

Senator O'MAHONEY. I am right on the beam, and have been since 1934.

Senator FLANDERS. There is just a little difference of opinion there. It is not a question of statistics. If we pursue this investigation along the direction in which it is leading, we would have to get into a discussion as to why we had a sag of employment. And I would have my ideas, and the Senator from Wyoming would doubtless have his.

Senator O'MAHONEY. It would not be necessary at all. I am saying to the Senator from Vermont, and the other members of the committee, that when the President of the United States sends a report down here with a map showing increased unemployment, we have to take that into consideration in passing this bill, which the Secretary of

State says may be used to injure American business if the President thinks it necessary for his international policy.

Senator FLANDERS. Now you are getting back on the beam again—

Senator O'MAHONEY. Senator, the beam is there all the time. The searchlight is right upon you, Senator.

Senator FLANDERS. I hesitate to forcibly try to express something in the presence of a witness who is so agile in mind and tongue as my friend, the Senator from Wyoming.

Senator O'MAHONEY. The Senator is very kind.

Senator FLANDERS. But I do wish again to say that I feel a part of this discussion is beside the point. It is not beside the point, not at all beside the point, to raise questions as to what this bill, the authority granted under this, and the revealed policies of the State Department, what that will do to employment in the future.

Senator O'MAHONEY. That is what I was trying to develop when the Senator from Kansas sought to take me off on a political discussion about the high employment of a couple of years ago. That has nothing to do with the case. We are looking into the future.

Senator FLANDERS. We are looking into the future, and so I would suggest we stick to the future.

Senator O'MAHONEY. That is what I was trying to do, if the Senator will not ask me any questions that take me off the beam.

Senator FLANDERS. I will not ask you any questions that take you off the beam. There is a valid case for discussion as to what this will do to the future of employment.

Senator O'MAHONEY. The testimony of the Secretary is here before the committee. I shall not take time to read any more excerpts from it. You have it before you. These excerpts clearly demonstrate that the Secretary of State now wants to exercise the congressional authority delegated under this bill—and he acknowledges that the legislative power is delegated—not for the purpose of expanding foreign markets for the products of the United States, as is said on page 2 of the bill before us, but for the purpose of sacrificing some American industries for the purpose of aiding other nations in furtherance of the President's foreign policy. What I object to is that this power is to be used without reference to Congress.

I couldn't state that better than it was stated by the former Speaker of the House of Representatives, Congressman Joe Martin, of Massachusetts. I am reading from the Congressional Record of February 18, 1955, at page 1517:

> In previous years it has been the custom to give authority to the President in the revision of tariffs. I see no reason why this rule should be changed at this time. I have faith in Dwight D. Eisenhower, I think he is a great American. I believe he is honestly and genuinely interested in but one thing, that is to build up this great country of ours. He is not President for any material or personal gain. He was elected President in order that he could bring this country through safely to better days.

With all of that I agree. I don't question the sincerity or the intelligence of the President of the United States. But I am reading this language to determine what the policy of the bill before us is. Former Speaker Martin goes on to define it in the next paragraph: "He" meaning the President—

> He realizes as you do that there are some countries in this world that need trade concessions. I understand, too, if we are to hold Japan in the fold of the free

world and prevent the extension of communism we must give them a chance to live. The only way we can give that nation a chance to live is to trade with her.

Well, the Tariff Commission studied the manufacture of cotton scarves by Japan. And the Tariff Commission recommended to the President that an increased tariff be placed upon those Japanese scarves lest American manufacturers be injured. The recommendation of the Tariff Commission was rejected in the White House because it was felt that the cotton textile industry in the United States could be sacrificed to that extent in order to give a concession to Japan.

I don't deny that world trade should be encouraged, that there ought to be concessions, in all probability. But I say to you gentlemen that when the Congress abdicates their constitutional authority to pass judgment on the concessions made in secret trade agreements, then we are sacrificing our duty to represent our own constituents.

Senator FLANDERS. Mr. Chairman, will the Senator yield for a moment?

Senator O'MAHONEY. Yes, sir.

Senator FLANDERS. I would like to suggest that the responsibility of our country to reviving or to maintaining foreign trade and general prosperity in Japan perhaps should be achieved in other ways than by tariff concessions. Now, to the south of Japan——

Senator O'MAHONEY. The Senator is now stating exactly what I am trying to say. He and all Members of Congress should have the opportunity to exercise that judgment if there are any more concessions in the new trade agreements. And he is giving it away if he votes for this bill, without any amendment.

Senator FLANDERS. Without your amendment. Just let me finish this, it won't take me but a minute or two.

To the south of Japan is a food deficit country. To the south of Japan lie countries that are food surplus countries. They also have surpluses of rubber, they also have surpluses of oil. And should not Japanese manufacturing ability find its natural outlet in exchange for food and rubber and oil in Southeast Asia and the Islands of Indonesia? Isn't that a natural trade?

Senator O'MAHONEY. I think it is a natural trade, and I think that the circumstances of daily living will in all probability drive Japan toward closer and closer commercial ties with Communist China. And I say that before any new trade agreement becomes effective in this period of world tension it ought to be laid on the table before both Houses of Congress so that the Members of Congress and the American people may know what is being done in their name. Otherwise dangerous and secret concessions made behind the closed doors of the dusty corridors of Government buildings to which Members of Congress never get an opportunity to go with consequent injury to the people.

Senator FLANDERS. I was just trying to make the point that our help to Japan would probably lie in other areas than opening our own markets to Japanese low-paid labor goods.

Senator O'MAHONEY. I think that is a good point. And may I say to the Senator that I have been given to understand that Japan is now shipping some of its textiles into Finland, to the great distress of Italy, because Japan is outcompeting Italy in Finland.

Now, who is going to exercise the trade and tariff judgment the Constitution gave to Congress?

Senator FLANDERS. May I just make one other point about the countries helping themselves. Western Europe is big enough to furnish a market for mass production. Why should we not encourage them to have a customs union extending all over Western Europe and help themselves to mass markets instead of encouraging them to enter ours?

Senator O'MAHONEY. I think the Senator makes another good point and proves that there is trade and commerce intelligence in Congress. But I ask him to examine his suggestion in the light of the language of Secretary Dulles. I read this from 2371 of the transcript of the Secretary's testimony before this committee. He says:

> It is understandable that there is, in the Congress, some reluctance to delegate to the President a discretion, the use of which might affect adversely certain particular business activities. I was myself a Senator long enough to appreciate the reasons for such concern. Each Senator and each Representative probably knows, and is sensitive to, business and employment conditions within his particular State or district.
>
> But it is not possible for every Senator and Representative, or for the Tariff Commission, to know with intimacy the international implications of our trade policies. Oftentimes, indeed, these implications are so delicate that they cannot be publicly discussed without endangering the security interests of the United States.

Here is a plea by the Secretary of State for a secret exercise of congressional power in the name of the President to make trade agreements which affect the industries of the people of every State, the industries that every Senator must have concern for, that every Member of Congress must have concern for. And yet when the time came for the State Department and the White House to outline the Formosan policy the President, with absolutely clear power as Commander in Chief to take action in that field, he brought the resolution to the Congress for its consent.

Well, I say, Mr. Chairman, if the President sent the Formosan resolution in the Congress to strengthen his constitutional power, then I say there is no question at all that the Members of the Senate and the House should do the same to strengthen their constitutional power by insisting that trade agreements made by the Executive shall not be effective until the Executive has revealed to Congress what is being done by the exercise of delegated congressional power.

Senator FLANDERS. I would like to ask that the Senator from Wyoming—am I right in concluding that he is not wholly favorable to this bill?

Senator O'MAHONEY. I am favorable to the bill if Congress is permitted to pass upon the final act. All I ask is that no trade agreements be effective until laid before both Houses of Congress for their approval. Now, what is wrong with that?

Senator FLANDERS. That is the amendment you propose.

Senator O'MAHONEY. That is my amendment.

Senator FLANDERS. I didn't get here for the beginning, so I didn't hear what you said at first.

Senator O'MAHONEY. That is the trouble.

Senator FLANDERS. I don't think it would be necessary for either you or me to retract anything because I wasn't here earlier.

Senator O'MAHONEY. No.

Senator FLANDERS. I think there is a good deal of sympathy between us.

Senator O'MAHONEY. I think there is.

Senator MALONE. Mr. Chairman, I would like to ask of Senator O'Mahoney if he has read the press dispatches this morning, one of which appears in the New York Times, and the other in the Washington Post. The New York Times dispatch, dated March 21, says:

The United States signed here today—

This is in Geneva—

the document necessary for its adherence to the revised General Agreement on Tariffs and Trade (GATT).

It thus became the first government to commit itself firmly to the continuation, at least until December 31, 1957, of the world tariff truce effected through government agreement.

It also thus indicated the intention of the Eisenhower administration to continue to adhere to the system of trade rules embodied in the revised general agreement.

Erich Wyndham-White, Executive Secretary of the GATT administrative organization, described the general agreement as "a fair trading system supported by a code of international conduct effectively administered by its own organization."

Now, this is a very interesting dispatch, and it is an aftermath of the release of the State Department of March 21, of course, outlining this new organization, so it goes on to say:

Mr. Waugh signed—

This is at Geneva, remember—and it is following several months of secret negotiations on trade and tariffs and setting up this new organization—

Mr. Waugh also signed a protocol establishing the Organization for Trade Cooperation.

They are changing the name of it.

He made it clear that the President, through him, was not committing the United States Government to the trade cooperation organization to the same exent as was done in signing the documents relating to the general agreement. This is because the President has full powers under the Reciprocal Trade Agreements Act to commit the United States to a trade agreement.

They already have that authority.

Now, I just wanted to supplement the Senator's testimony by this information as to secret agreements that have been going on for 4 months, and Congress is not yet aware of what they have done there. If they were, I think the people, if they were aware, would move on Washington. They wouldn't wait for an election.

Senator O'MAHONEY. But the Secretary of State has testified before this committee that these matters of trade are so delicate that they must be concealed even from the congressional body to which the fathers of the Constitution gave the specific authority to lay duties and imposts.

And with respect to GATT, I want to read from page 2373 of the testimony of Secretary Dulles before this committee. He was answering a question by the Senator from Colorado, Senator Millikin who said:

What is going to be done about GATT, may I ask?

Secretary DULLES. GATT has been the subject of extensive negotiations, which have taken place over, I think, approximately a 4-month period at Geneva. As a result of that, the formulation of GATT has been divided into two parts:

One, the so-called organizational provisions of GATT, and the other, the trade rules and practices, which are pursuant to and designed to enable the successful carrying out of negotiations which may take place under, for example, H. R. 1—

this bill—

if it is made into law.

The organization provisions of GATT will be brought back here to the Congress for its approval.

There isn't a word in here that I have been able to find which indicates that the Secretary of State is going to bring back for congressional approval the trade rules and practices which are the most effective. We are to be asked to approve our adherence to the organization in which world trade will be discussed, but the trade rules and practices will be adopted without submission to the only branch of our Government which under the Constitution has the jurisdiction in this field—namely, the Congress.

A visit to the Senate Library and a look at the volumes which contain the Executive orders issued by the President will show that they are multiplying year by year, and now are more numerous, indeed, than the statutes passed by Congress, all because Congress is permitting its legislative power to pass into the hands of the Executive.

I ask only that the Senate committee give careful consideration—and by that I mean consideration—to this amendment, the only purpose of which is to preserve the authority of Congress.

The President is not the issue. The President is burdened with untold cares and worries. He can't handle the details of a trade agreement any better than or even perhaps as well as the Members of the Senate or the Members of the House can. He has a staff. This committee has a staff. I see here the junior Senator from Oklahoma, Mr. Monroney, who was one of the authors of the Congressional Reorganization Act. What was the purpose of that act? It was to save congressional authority by giving the Congress the staffs and the money, too, when the Appropriations Committees are agreeable, to set up its own technical organization, so as to enable it to perform its complex duties. Instead of taking advantage of this law to make Congress more efficient we delegate our constitutional powers away.

May I now refer the members of the committee to the United States Government Organization Manual of 1954–55. There you will find a list of Executive orders that have been issued under the Trade Agreements Act during the years since its adoption. There are orders by which this President changes the organization that exercises the powers we give him. I want you to know how the machinery of carrying out this delegated power works. I know, Mr. Chairman, because with other Members of the Senate some years ago, I went before the Committee on Reciprocity Information to plead for the industries of my State and of my region. I remember so well that day. The late Senator Adams of Colorado was there; Senator Connally of Texas, and other Senators from both sides of the aisle. We stood before this group of persons, none of whom was known to us, the Committee on Reciprocity Information, to talk about tariff and trade. I was struck by the anomaly that Members of the Senate, to whom the constitutional fathers had given the power to pass on duties and imposts, were making their plea and arguments before a committee of experts, no one of which had ever been chosen by a free electorate in a free election to represent any State, any congressional district, or

even the Nation. There they sat, seemingly to discharge our function.

I was interested to find out how they did it. The Committee on Reciprocity Information was set up in impressive fashion. It had a chairman. Appropriately, he was the Chairman of the Tariff Commission, thus making it appear that this Commission created by Congress was really directing what was going on. The Tariff Commission chairman was accompanied by able-looking individuals, experts taken from a half-dozen or more departments. But on investigation I found out that their only duty was to listen to the testimony, to digest it, and to send the digest, as any other clerk would do, to the Committee on Trade Agreements. This is another organization, not listed in the Congressional Directory or even the Government Manual. It has some of the same personnel but other duties. In a speech which Clarance Randall made over the radio in Connecticut the other day, with Senator Bush of Connecticut—he made a statement which I think every member of this committee ought to bear in mind. He was trying to tell his auditors how the interests of the people were being protected without the intervention of Congress, which was being asked to give up its power. Senator Bush—this is from the Congressional Record of February 15, page 1319—Senator Bush says.

> In other words, the President is going to use the determinations of the Tariff Commission respecting the peril point with a great deal of consideration.

I think that Senator Bush was very optimistic in the way he framed that question. But here is Mr. Randall's response:

> In addition to which there will be the same special interagency group set up in the Government involving nine different departments which sits as a committee, and the commodity selected must pass that committee. Then they must go to the senior level of the Government for consideration. It is a very thoughtful, serious approach to the problem—

thoughtful, serious, and effective to deprive the Congress of its constitutional power.

Senator MALONE. Mr. Chairman, I have known the senior Senator from Wyoming quite a number of years. I recall during World War II, I was special consultant to the Senate Military Affairs Committee. Senator Johnson of Colorado, now Governor of Colorado, was vice chairman of that committee, and I was working directly under him gathering information on strategic materials and military establishments. And he sent me to this very committee one day, because he was on the floor, and he said, "You hold them until I get there." And I went down and inquired, and I was amazed and thunderstruck that here was a committee sitting up on a high bench, 7 or 9, not 1 of which I would have hired as an office boy—I am in the engineering business. And I waited there and held them until Senator Johnson came down, and Senator Johnson stood there in front of them and begged them not to abolish the tungsten industry—quite a lot of it is produced in Colorado—and it would make you cry to see a senior Senator of the State begging——

Senator O'MAHONEY. He was talking to a committee without power, the committee to listen and summarize the testimony for another group in the background.

Senator MALONE. Of course. But here was a senior Senator begging them not to destroy an industry on which we had full power up here.

Senator O'MAHONEY. I want to point out one other significant thing. You will find the personnel of the Committee on Reciprocity Informa-

tion headed by the Chairman of the Tariff Commission in the Congressional Directory, you will find it in the United States Government Organization Manual, but nowhere will you find the committee, the interagency committee, which is called the Committee on Trade Agreements. Some of the individuals are the same, to be sure. But the Chairman is not the same. The Chairman is no longer taken from the Tariff Commission. The Chairman is now Mr. Corse, Chief of Trade Agreements and Trades Division of the State Department. No distinction, you see, is made between treaties and trade agreements. They are all handled under the same chief, in the same division of the State Department.

The vice president is Mr. Leonard Weiss also of the State Department.

There is another respresentative of the State Department, Mrs. Margaret Potter, who acts as chairman when Mr. Corse and Mr. Weiss are called out of the country.

Who knows what States or districts those three representatives of the State Department represent? For whom do they speak? Do they speak for the people of the United States? Do they speak for the President or for that "upper level" mentioned by Mr. Randall, but not named? What is this "upper level" to which you are delegating your power?

Let me continue to read the names:

Miss M. Margaret McCoy is the secretary of the committee. She is also from the State Department.

I cast no reflections upon these ladies and gentlemen, I have no doubt they are all skillful technicians and brilliant persons. But I am pointing out to you that Congress never knowingly transferred its legislative power to this group. We gave it to the President, but by their redelegation in the executive branch of Government, we are walking down the road to authoritarianism.

Senator MALONE. We are in it now.

Senator O'MAHONEY. Let me read on:

Gerald E. Tichenor, Deputy Assistant Administrator of Foreign Agricultural Services, Department of Agriculture.

Let the Senators who represent agricultural States put in the record what they know about the policies and the frame of mind of this representative of agriculture.

Robert E. Simpson, Director, Office of Economic Affairs, Bureau of Foreign Commerce, Department of Commerce.

Harold P. Macgowan, alternate from Commerce.

Prentice N. Dean, Associate Chief, Foreign Economic Policy Branch, Foreign Economic Defense Affairs Division, Office of Foreign Military Affairs, Office of the Secretary of Defense.

Norris G. Kenney, alternate for Defense.

Katharine Jacobson, trade and tariff liaison officer, Office of Trade, Investment and Monetary Affairs, Foreign Operations Administration.

Harry Shooshan, International Activities Assistant, Technical Review Staff, Office of the Secretary, Department of the Interior.

John Bennett, Interior alternate.

Philip Arnow, Associate Director, Office of International Labor Affairs, Department of Labor.

Leonard R. Linsenmayer, Labor alternate.

George H. Willis, Director, Office of International Finance, Department of the Treasury.

Morris J. Fields, Treasury alternate.

Edgar B. Brossard, Chairman, United States Tariff Commission.

And he is demoted from the chairmanship to the bottom of the list.

Joseph E. Talbot, Tariff Commission alternate.

Those, Mr. Chairman, are the persons who write the trade agreements.

When a social-security bill or a tax bill or any other measure is referred to this Finance Committee, you don't take it sight unseen. You examine it carefully and you have your expert staff with you. I am mindful of the fact that in this committee last year when the tax bill was up, although in the House the tax bill was drawn in an executive session of the majority members, the Republican members. the Democrats were not permitted to sit in those executive sessions at all. But when the measure came over here to the Senate, you held weeks of hearings, and I understand from Senator Martin and others that the Senate added as many as 900 amendments to that last tax bill. One may not agree personally with what was done in that tax bill. But it was done in the open so far as the Senate was concerned, and the people had a chance to judge. Not so with the legislative power we have given to the Executive.

I believe, Mr. Chairman, in reciprocal trade. I would like to be able to vote for this bill. But I think that in this world situation with which we are confronted, when neither the President or the Congress can know what tomorrow will bring forth in international affairs, we cannot safely abdicate our duty to know what is being done with trade before it becomes effective. And I urge upon this committee that it demand that the same reciprocal care should be shown by the President in this instance as he showed when he sent the Formosan resolution to Congress for its approval.

We are engaged in a worldwide conflict between totalitarian dictatorship and government by the people. The only way that the people of the United States can preserve government by the people is by preserving confidence that their representatives in the Congress will discharge the duties which the Constitution imposed upon them.

I thank you, Mr. Chairman, and members of the committee, for your consideration.

The CHAIRMAN. I think you made a very excellent statement.

Does the Senator have time to answer questions?

Senator O'MAHONEY. Surely.

The CHAIRMAN. Senator Kerr.

Senator KERR. I was quite interested in your exchange of figures with the Senator from Kansas, our esteemed colleague, Senator Carlson. You seemed to be under the impression that employment was greater than it was 2 years ago. I would like to tell the Senator from Wyoming that one of the most significant statements that has been made in this committee this year—and I think it was in the hearing on the tax bill, I am not sure, I believe it was—was by the Secretary of the Treasury, Mr. George Humphrey, who under cross-examination by the Senator from Oklahoma finally exclaimed, "Well, certainly, the height of the Eisenhower boom was in January 1953," which was the month the President took office.

Now, reading from the statistics and the Economic Indicator prepared by the Joint Committee on the Economic Report, I find that the average monthly unemployment in 1953 was 1,600,000. The average total employment was 62,213,000. And in January 1954, the

total unemployment was 3,230,000. The total employment was 61,238,000—that was the average 1954 monthly—but in January of 1954 the total unemployment was 3,087,000. The total employment was 59,753,000. In January, 1955, the unemployment had risen from 3,087,000 the figure of January 1954, to 3,347,000. In February 1955, unemployment was 3,383,000 as compared to 3,347,000 in January 1955. The total employed in February of 1954 was 60,055,000, while the total employed in February 1955, was 59,938,000. I give those figures as confirmation of the statement that the Senator has made.

Senator O'MAHONEY. I appreciate the fact that the Senator from Oklahoma has done that. I would like to add that there is a vast amount of material in the Economic Report of the President and in the comments of the Joint Economic Committee upon it, all of which affirms the fact that the economic situation in which we are is not stable, agriculture is not stable, and people are leaving small farms to go into communities to live.

Senator KERR. By the thousands.

Senator O'MAHONEY. All over the country—certainly in my State. And we are dealing, now, with the base of the economy. It seems to me there can be no doubt in the mind of any person who is not just thoughtless enough to accept this theory that somebody in the executive knows best, that Congress is an outmoded institution, guided only by political and personal motives, and is a slave to the industries in the States represented by the members, that the great danger of our time is the development of statism. When the Executive takes over, the authoritarian state has its foot in the door. That is not democracy. It is not free government. We like to hold ourselves before the world as the leader in the struggle to save free government. There is nothing more clear in my mind than that we cannot save free government if we delegate the powers of Congress to the executive branch of the Government.

There are many things that I could say about this, but I am conscious that the committee has been very patient with me, and I shall not undertake to say any more unless there are more questions.

Senator KERR. I have 1 or 2 more questions. I believe you agree with this thesis, that under the Constitution Congress is vested with the authority, charged with the responsibility, of regulating the international trade and commerce and levying imposts and duties.

Senator O'MAHONEY. Section 8 of the first article of the Constitution in its very first paragraph lays upon Congress the duty to levy taxes, the power to levy taxes—exclusive power—duties, imposts, excises, and so forth. A little bit later another paragraph says, Congress shall have the power to regulate commerce among the States, with foreign nations, and with the Indian tribes. The Secretary of State comes before you and says, "This is so delicate a matter, we cannot trust it to the representatives of the people, we must do it behind closed doors. And you, Members of Congress, must sign on the dotted line when we put this bill before you giving us the authority the framers of the Constitution gave you."

Senator KERR. Then the Senator agrees that the Constitution places the primary responsibility with respect to foreign regulations upon the President.

Senator O'MAHONEY. Right.

Senator KERR. Now, when the International Trade Agreements Act was first passed in 1934, my understanding is that it was passed along with a reciprocal trade program.

Senator O'MAHONEY. That was the purpose.

Senator KERR. Are you familiar with the testimony of the Secretary of State the other day in which he indicated—and in my judgment used the language which constituted a declaration—that its primary function, and most important purpose as of today, is to strengthen the hand of the President carrying out his responsibility with reference to international relations.

Senator O'MAHONEY. Right. But in the bill before you find the same language that was used in 1934 when the purpose was quite the reverse and there was no thought of it for the purpose Mr. Dulles now advances. And these words that you are asked to approve, if you don't add this amendment requiring that trade agreements be submitted to the Congress, these words misrepresent the actuality of what is being done.

I am happy that the Secretary of State was frank enough to state the reversal in his testimony before this committee. The people must realize that it is a reversal.

Senator KERR. Let me ask you this question. Don't you think that it puts the President in an embarrassing position to arm him with the authority to grant trade concessions to nations with whom he is carrying on his constitutional responsibility of foreign affairs and international relations?

Senator O'MAHONEY. I do. But I am not unaware of the fact, I will say to the Senator from Oklahoma, that there are some businesses in the United States which have built their factories abroad—businesses which are not unaware of the benefits that can be gained by them, if they have access to the men who operate behind closed doors in drawing these agreements. I don't for a minute believe that Congress is any whit more liable to the pressure of lobbies and lobbyists than the multitudinous anonymous individuals who fill the executive offices of the Government.

Senator KERR. If the President in his conduct of foreign relations makes an ordinary treaty he has to submit that to the Senate for ratification.

Senator O'MAHONEY. Right.

Senator KERR. For ratification or disapproval. Isn't it even more important that a treaty he makes under an authority whereby the Congress divests itself of the power and gives it to him, and then he makes that as an adjunct to his foreign relations responsibility and activities, wouldn't the Senator think that it might even be more important than one he makes under his own constitutional authority?

Senator O'MAHONEY. I certainly think so. And I certainly think that the Congress should not pass this bill without the amendment requiring congressional approval merely for love and affection of the President. Let us act out of love and affection for the Constitution of the United States and the people whom we represent.

Senator KERR. The Senator is aware that a very substantial part, for instance, of the imports of lead and zinc coming into this country are being brought in by American companies operating abroad.

Senator O'MAHONEY. Right.

Senator KERR. In competition not only with themselves in the domestic market, but with all independent operators in the domestic market who do not have the foreign production. Is the Senator further aware that with reference to the operations of those American companies in Western Hemisphere countries other than our own, that they have a decided tax advantage as compared to their operations if they were carried on in this country and the same amount of production produced and sold.

Senator O'MAHONEY. That is my understanding. But I must say to the committee that since my return to the Senate I haven't had an opportunity to go into those facts.

Senator KERR. Well, if that is correct, or assuming that that is correct, doesn't it create actually an additional incentive to the two primary incentives which are, first, a cheaper source of the material, and second, cheaper labor with which to produce it, than to get a tax advantage, if they do, over what they would have in this country, doesn't that just create an additional incentive for them to operate in a way that damages American industry and American business to the benefit of that of other countries?

Senator O'MAHONEY. I think it does. And I will say to the Senator that, in my opinion, the principal duty of the Congress at this time is to make sure that the productive capacity of the United States, big or little, shall not be undermined, because we are rapidly approaching a state in international affairs when the preservation of our own economy may be our last rampart against communism.

Senator KERR. And if we are to preserve incentives for the development of industry, shouldn't it be in this country, if it can be, rather than somewhere else to compete with this country?

Senator O'MAHONEY. I have no doubt of it. As I said in the beginning, I believe in building up the world trade.

Senator KERR. Reciprocal trade?

Senator O'MAHONEY. Reciprocal world trade. But I want it done in the open. And I want to say, Mr. Chairman, if I might, that if I were to make a suggestion as to how this could be done, it would be this: We must recognize the fact that the consuming capacity of the people of the world is the factor which will create the market for our products, just as the consuming capacity of the people of the United States has created here the markets for the nations of the world.

They seek to come into the United States in order to get the benefit of our markets. That is fine. But those foreign products will come into the United States, if this bill is passed, under concessions granted to the foreign producers which, on the word of Secretary Dulles, may do injury to the American producers.

The way to handle this is to say to every foreign nation that wants increased markets in the United States, "Very well, we will grant you increased markets, we will increase your quota, provided you increase the wages of the workers in your country and thus build up your purchasing power."

I would say to Great Britain, for example, "Increase the wages of the workers in the mills of England, and then what you export here may be increased, perhaps, because you will then be creating a consuming market for the things that we produce." That would be real reciprocity.

But this program outlined by the Secretary of State is not reciprocity. It is a form of international agreement for concessions by the United States to aid countries whom the temporary occupant of the State Department may think would be for the benefit of the United States, but concessions which, unless this amendment of mine is adopted, will be in force and effect before the Congress knows anything about them. You will be faced with the fait accompli.

Senator MARTIN. Mr. Chairman, might I ask a question?

I have been interested in your amendment since it was introduced on the floor and I want to clarify a matter or two. Is it your idea that every agreement, regardless of whether it was satisfactory to the people involved, would come before Congress, and it would be necessary to have a law passed approving it?

Senator O'MAHONEY. Yes; every agreement before it becomes effective. Under the present procedure it becomes effective the minute the President issues a proclamation.

Senator MARTIN. That is right; yes.

Senator O'MAHONEY. Under the procedure which would be required under my amendment it would be sent to the Congress, first, and the Congress would then approve or disapprove, not in all the details: I was careful to eliminate that so that you would not be burdened with the difficulties of handling every specific rate, but that you would vote "yes" or "no" on the agreement as a whole. That concession in the drafting of this amendment I made to my belief that we ought to have world trade. But we ought to be sure it is benefiting us.

Senator MARTIN. Mr. Chairman, of course, as you know, I am for preserving American industry.

But I am very much interested in this amendment. What would be the procedure—the way it is now, as you know, we proceed by petition under the act of Congress—what would be the procedure under your plan?

Senator O'MAHONEY. Why, the trade agreement would be sent to the Congress by the President. Then it would be sent to the Ways and Means Committee of the House and to the Finance Committee in the Senate. The two committees would take such action as they saw fit to find out what the effect of the agreement would be. That would be done in public and the country would know, and then you would vote "yes" or "no."

Senator MARTIN. Would there be any danger, Senator, of getting it back into the position that we were in before we had the reciprocal trade plan—that the tariff would become very much of a logrolling proposition?

Senator O'MAHONEY. It was to guard against that that I provided in this amendment that the agreement would be handled as a whole and not in detail.

The CHAIRMAN. Is there any time limit upon when Congress must act?

Senator O'MAHONEY. I think I have 60 days in there, Mr. Chairman. I don't want it to be obstructive; I want it to preserve our constitutional power.

The CHAIRMAN. I was wondering, if Congress didn't act, then, of course, it would be dead; wouldn't it?

Senator O'MAHONEY. That is right; if the Congress didn't approve it.

The CHAIRMAN. It is not like the reorganization plan?

Senator O'MAHONEY. No; that is another modification—which would be much better than nothing—that it should be before the Congress for a certain number of days, and then if not approved or disapproved within that time, it would become effective. But that is not my amendment.

The CHAIRMAN. Are there any further questions?

Senator Malone?

Senator MALONE. Mr. Chairman, I cannot let the reference to logrolling pass.

I think the Senator is aware that the 1930 Tariff Act delegated the fixing of flexible import fees for tariffs to the Tariff Commission, and there could be no logrolling except by appearing before the Tariff Commission under the 1930 Tariff Act; could there?

Senator O'MAHONEY. That was the intention.

Senator MALONE. I think it accomplished it.

Senator, I have been very much interested in your testimony, because you are the first one that has correctly emphasized the fact that Congress did, through a simple act in 1934, amend the Constitution of the United States and transfer the constitutional responsibility of Congress to regulate foreign commerce, foreign trade, and to set the duties, imposts, and excises, that we call tariffs, to the executive branch. That is correct; isn't it?

Senator O'MAHONEY. Well, Senator, you can get a pretty good legal argument from lawyers that Congress may delegate its constitutional powers if it sets up sufficient standards. But here there are no effective standards: there is just a limitation.

Senator MALONE. Of course. I didn't question the constitutionality. It is being questioned in the "now." There is a suit filed in the United States district court suing the Secretary of the Treasury for collecting the wrong duties, and also questioning the constitutionality of GATT. I did not mean to question that. But we did, by a simple act of Congress, change the Constitution by referring the constitutional responsibility of Congress to do these things to the executive branch.

Senator O'MAHONEY. That is right.

Senator MALONE. Now, has it ever been customary throughout the history of the United States to transfer a power from one branch of Government to another one?

Senator O'MAHONEY. The theory of our Government, of course, is that there are three separate branches.

Senator MALONE. What was that for?

Senator O'MAHONEY. The legislative is the first branch, established in article I. The second is the executive branch, in article II. And then comes the judiciary. Now, the whole theory was to keep these powers separate, and to prevent consolidation. And consolidation is just what you are getting here—consolidation in the executive branch. That, however, is not the American system.

Senator MALONE. Of course, I have long commented on that tendency. This is the ninth year I have been in the Senate, and I have commented on it several times. And I am glad to hear the Senator emphasize it.

Now, everybody seems to assume that we don't do any damage to industry in this country, or investments, or workingmen's jobs, by

such an act, and by such a transfer of power, putting it, not in the hands of an agent of Congress, but in the executive branch, because they point out that certain hearings are held and you have an escape clause, and all that business. But how long do you think an industry——

Senator O'MAHONEY. You lock the door after the horse is stolen.

Senator MALONE. And then it generally isn't locked, either, the record shows. But I was going to ask the Senator—he lives in a State much as my own, right among the business people—how long could a business last that requires a lasting investment, in the confidence of the investing public, with a continual weight hanging over their heads that any morning it may wake up and find that there has been a secret agreement in Geneva, or a State Department agreement, or some other kind of agreement; that tariffs or duties have been lowered to a point where the business cannot exist. Then you must go before the Tariff Commission and make a case that you have serious injury, when a serious injury may not show up for a year or two, and you would be dead already when it did show up.

Senator O'MAHONEY. That, of course, is the precise disadvantage of this legislation. And this is the precise injury to American business which I seek to avert by requiring publicity before the effective date of the agreement. This method promotes the concentration of economic power.

Senator MALONE. Let me ask you a question in that regard. The 1930 act laid down the one criterion of determining what a duty or a tariff should be on a product, did it not; and that was the basis of fair and reasonable competition, the difference in costs here and abroad.

Senator O'MAHONEY. That was the intention.

Senator MALONE. Now, this act, even if the Congress had to approve the act——

Senator O'MAHONEY. Of course, I must say to you, Senator, that I have always thought that the duties in the act of 1930 were too high. That act closed the door of international trade and commerce. We need that. The inventions of Americans have made the world much smaller than it used to be. We ought to encourage international commerce, but we ought to have it under the Constitution.

Senator MALONE. Now, Senator, I agree with you that we will have it under the Constitution, and that the Senators and Congressmen should not dodge their responsibilities to the public under the Constitution of the United States. But I also want to explain to you, in case you haven't read the 1930 act, that there is a provision there that, upon the Tariff Commission's own motion, the request of the President or of either House of Congress, or of any interested party, the Tariff Commission can immediately take it up under the flexible provision of the act and adjust it. If it is not correct, if they find it not to be correct, they can adjust it so that it is correct.

Isn't there a provision of that kind?

Senator O'MAHONEY. That is my understanding. I want the record to show that I was not a Member of Congress in 1930. I am a "junior" Member.

Senator MALONE. I would like the record to show, if I had been, that I would have had a part in that. It put the finger right on the sore spot to determine a flexible basis, readjusted every 6 months, if it needed to be. On that basis of fair and reasonable competition,

an investor could invest his money with confidence, and a workingman could build a house on a payment plan with confidence.

Senator O'MAHONEY. A bill such as this, which is always granted, which is always drawn so it is effective only for a few number of years, 3 years at the most, sometimes 2, sometimes 1, is a guaranty of uncertainty.

How can business have any certainty or confidence when the law is in words temporary but by frequent extensions drops a curtain between the people and their Government?

Senator MALONE. Under this bill, thank God, it was only for 3 years and then 2 and then 1, and we hope not at all this time.

Senator O'MAHONEY. Whatever you do about the final vote, I ask the Senator from Nevada to be sure to support my amendment.

Senator MALONE. Your amendment would not be needed if you just reverted to the 1930 Tariff Act.

Senator O'MAHONEY. But they may not revert. I ask the Senator from Nevada let's have this little protection.

Senator MALONE. One of the reasons that it has not reverted for 21 years is that everybody comes in with an idea that will help them. They have lost their political guts and they don't vote to stop it.

Senator O'MAHONEY. I have never lost that.

Senator MALONE. I don't think you did. You are in here this morning trying to take a half step back.

If we do not extend this act, Senator, isn't that the first step to revert to the 1930 Tariff Act?

Senator O'MAHONEY. That would be. If the bill is defeated, it is just the first step as you say. There have been reductions of tariff.

Senator MALONE. I am going to trace it and see if you agree. The first step, if you want to revert to a basis of fair and reasonable competition and setting tariffs to protect American development and American workingmen, is to let this bill expire. Then all products on which there have been no trade agreements revert to the Tariff Commission, do they not on that basis of fair and reasonable competition?

Senator O'MAHONEY. That is right. That is what they do.

Senator MALONE. Where there are trade agreements, the President of the United States has the thing in his hands and he may at any time serve notice on the country with which such trade agreements have been made for cancellation and then an indefinite specified length of time the tariff on that product would revert; would it not?

Senator O'MAHONEY. It would.

Senator MALONE. In that case the Tariff Commission under the present law, section 336, can at any time it cares to, take up the existing tariff on any product that has reverted to it under the conditions described, hold hearings and adjust it on the basis of fair and reasonable competition on that difference of cost of production, considering the wage standard of living and taxes and all other costs of doing business. That is right; isn't it?

Senator O'MAHONEY. Yes.

Senator MALONE. They are limited under the 1930 Tariff Act to 50 percent up or 50 percent down, which no doubt was plenty at the time.

Senator O'MAHONEY. Every trade agreement which has been made in the past is still effective unless it is disavowed. So you are not going back to 1930.

Senator MALONE. I thought we covered that. That the President of the United States may at any moment serve notice with the country that the trade agreements have been made with for cancellation, and then within a certain specified time it reverts. Is that right?

Senator O'MAHONEY. I think that is right.

Senator MALONE. The limitation of 50 percent was probably all right at the time, but the inflation has fixed that, whether it is a fixed duty, for the very reason that the dollar is worth about half or less what it was in 1930, so it is half the fixed tariffs just through inflation alone.

Senator O'MAHONEY. That is right.

Off the record may I say something to the Senator?

(Discussion off the record.)

Senator MALONE. I think the Senator has made a good witness. I think he has indicated that the Congress of the United States should resume their constitutional authority and I don't think they can do it by allowing a Secretary of State and GATT and 5 or 6 other organizations, one of which is described in the papers this morning, to surreptitiously arrange these tariffs and trade agreements, and then come in here in 60 days and try to unscramble it. I don't think you can do it and I don't think it is necessary. But I do agree that if this thing is bound to be extended, and industry throughout the Nation and the workingmen are just getting so they just duck their heads and take it, they must assume that Congress is not going to discharge its constitutional responsibility. So they say, for God's sake, give us an amendment that will let us live another year.

There have been 40 of them here doing that.

You have an amendment that would be a half step back so I wanted to ask you—the way this thing is written—if you would not say that it could be the foundation to destroy the workingmen of this Nation and the small investor? Define any small investor as one who is unable for size, or the way they are organized, to go across into a foreign nation into the low-wage curtain and put up a factory or manufacture and bring the product back here.

Senator O'MAHONEY. You are delegating by this bill to individuals who have never come before you for confirmation, who have never received their authority from the people or from the Congress, the power that the Constitution gives to Congress. And you have no means of telling how that power will be exercised. The President can't control it, no matter how good his will may be or how sincere he may be, because there are not hours enough in the day or days enough in the week or weeks enough in the year to enable him to do it.

It cannot be done.

Senator MALONE. Every once in a while a person comes here and assumes that anybody who disagrees with this bill questions the President's integrity. Some of us elected this President and would do it again. But that is beside the point. The President's integrity is not in question.

Senator O'MAHONEY. We are dealing with principles here.

Senator MALONE. The Constitution of the United States did not trust anybody.

Senator O'MAHONEY. It certainly did not.

Senator MALONE. The people that wrote it did not trust themselves. They wrote it so they could not destroy it except by the will of the people.

Senator O'MAHONEY. So there could not be a concentration of power that would destroy or adversely injure any group of the country without their knowing about it in advance.

Senator MALONE. Without their knowing about it in advance and virtually agreeing to it through their Congressmen and Senators.

Senator O'MAHONEY. Right.

Senator MALONE. If that is the case and if we really want to transfer all this business to the Executive, and if it is a good idea and Congress is too busy to discharge its responsibility, would the Senator, if we are convinced of that—and they are bound to extend it—would the Senator join me in a constitutional amendment offering to the people the opportunity to set that over to the Executive?

Senator O'MAHONEY. I have seen many constitutional amendments which don't say what their authors meant and I have seen many constitutional amendments drawn which meant much more than what was intended, sir.

Senator MALONE. I think we could draw one.

Senator O'MAHONEY. I would be very careful to watch it, Senator, in its draftmanship.

Senator MALONE. I would let the Senator draft it if he wants to set that over to the President of the United States.

Senator O'MAHONEY. Let us see if we can work upon an amendment that will stop the concentration of congressional power in the Executive hands.

Senator MALONE. This won't stop. This gives it to him.

Senator O'MAHONEY. This is the first step. You have to take the first step.

Senator MALONE. The first step is to allow it to expire, so you will be on the fair and reasonable competition basis.

Senator O'MAHONEY. You are—I will say to the Senator——

Senator MALONE. You are afraid that we won't do it. But I am not so sure about it.

Senator O'MAHONEY. The Senator has been sitting in this committee and I have not. He knows what has gone on. But I have had a lot of experience and my experience is that legislation by and large is the result of compromise and I am offering what I believe to be a pretty good compromise on this matter, an amendment that will, I believe, preserve the power of the Congress.

Senator MALONE. I think the people of the United States are beginning to find out about it, and when they do they will probably move on Washington. They won't even wait for an election.

Senator O'MAHONEY. May I continue with my proposed statement?

Senator MALONE. Please do.

Senator O'MAHONEY. We fondly believe ourselves to be the leaders of the free world. We have mobilized our military and economic might to crush executive domination. We portray ourselves before the peoples of the world as a Nation which believes in popular gov-

ernment, but we consistently whittle away the power of the Congress and build up the power of the Executive, transferring to the Executive the legislative authority which under the Constitution is vested in the Senate and the House of Representatives.

LEGISLATIVE AUTHORITY BELONGS TO CONGRESS

The framers of the Constitution were so certain in their minds that the people are the source of all legislative authority that they devoted the first article of the instrument to the definition of the powers of Congress. In section 1 they declared that "all legislative powers herein granted" were to be vested in the Congress. In section 8 of the same article they gave Congress the power "to lay and collect taxes, duties, imports and excises * * *." When the Bill of Rights, recommended by George Washington and other founders, came to be written, the Congress, in the 10th amendment carefully proposed, and the States agreed, that the powers not delegated to the United States nor prohibited by it to the States "are reserved to the States respectively, or to the people." In short, the Constitution created what Lincoln called a government of, by, and for the people.

On every occasion when the Reciprocal Trade Agreements Act was before the Senate, first in 1934, again in 1937, then in 1940, and in 1943, I sought to preserve the power of Congress "to lay and collect * * * duties and imports" by amending the bill so as to provide that no trade agreement should become effective until approved by both Houses of Congress. I do it again because I believe that we cannot hope to lead the world to the adoption of the principles of free government while at the same time we continue to give away the basic power of the people to legislate through their elected representatives.

HOW TO LOSE POPULAR GOVERNMENT

We are told now as we were told in 1934, to have faith in the President. I do not challenge the sincerity of the President, but the President is not the issue. It is the Constitution that is the issue. I suggest that we have faith in that instrument. I do not hesitate to assert that if we continue to strip away the responsibilities and powers imposed upon us by the Constitution and hand them over to the Executive, it will not be long before we have lost popular government.

The issue here is whether the duties and imposts mentioned in the Constitution are to be levied by experts who are unknown to the people, or by the representatives in the House and in the Senate whom they have elected to do this work. When we build up the executive branch at the expense of the legislative branch, we are not strengthening free government, we are strengthening authoritarian government. All the millions we have spent in military and economic aid to our allies, all the lives we have sacrificed on land and sea and in the air in the First and Second World Wars to defeat imperial and totalitarian dictators, have been utterly wasted if we are willing to abdicate the legislative powers granted us by the Constitution and transfer them into the hands of the Executive. That is the road to the abondonment of free government.

Do not imagine that we are conveying these powers to the military genius of great personal charm who graces the White House. The

power we will delegate away will not be exercised by President Eisenhowever any more than it was exercised by his predecessors. It will be exercised by clerks, experts, and advisers hidden away in secluded government offices on corridors in Government buildings that few members of Congress know how to reach. The leaks of what is going on will inform the press before we have any glimmering of information. Our constituents will read about it in their papers before we hear about it even on the telephone. Then "hat in hand" Republican Members will go to the White House to win some concession for the people they represent in the Halls of Congress, and the Democrats will go to the floor making futile speeches protesting against what they believe to have been unfavorable exercise of the tariff power of which the Congress has divested itself in order to bestow it upon the Executive.

HOW DO THE EXPERTS WRITE A TRADE AGREEMENT?

How many Members of Congress, how many representatives of the press have written the story of how a reciprocal trade agreement is written? In the Congressional Record the other day I read the statement of Mr. Clarence Randall, the chief architect of the present movement to raise the Government expert above the elected representatives of the people, implying that the Tariff Commission would be the first rampart to protect the public interest. In addition, he said there would be a special interagency group representing different departments to sit as a committee and pass upon the commodities to be traded. Then he went on, "they must go to the senior level of the Government for consideration."

What this senior level is he did not describe, but certainly it was neither branch of Congress.

The truth is that the machinery by which trade agreements are worked out is a device designed to create the impression that the people's interests are being carefully considered by men and women who really understand their needs, instead of by experts who never submitted themselves to the judgment of the people in a free election but who, having been appointed to positions of dignity and technical skill decide for themselves what is good for the people.

We have a Committee for Reciprocity Information and we have a Committee on Trade Agreements. The Chairman of the United States Tariff Commission, appointed by the President and confirmed by the Senate, is the Chairman of the Committee on Reciprocity Information. When he sits on the Committee on Trade Agreements, however, he is deposed from the chairmanship and goes to the foot of the ladder. No other member of the Tariff Commission is on either committee.

HOW THE TESTIMONY IS TAKEN

The Committee for Reciprocity Information sits with dignity in the Tariff Commission Building upon a bench before which the Members of the House and Senate, who wish to speak for their constituents, humbly present themselves. There, too, the business and industry representatives from the North and South, the East and the West, appear and present the facts and figures they have assembled to impress the committee. They think they are talking to the men who

will fix the duties, a committee with some right of judgment and action. They are mistaken. The only function of the Committee for Reciprocity Information is to digest the testimony and deliver it, with the transcripts, to the Committee on Trade Agreements.

The former committee sits in public. That's the front. The latter committee sits in secret. It has a chairman. He is not the Chairman of the Tariff Commission. He is the Chief of the Commercial Policy Staff of the Department of State. He has an alternate, also recruited from the Department of State, and then there is an acting chairman who presides when the chairman or his alternate happens to be out of the country. None of these individuals is chosen because he or she represents a State or a district, but they sit at the top. Around them are representatives of the Treasury, the Department of Defense, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Department of Labor, and the Foreign Operations Administration. Now that the latter agency is about to be transferred to the State Department, it may be eliminated from the Trade Agreements Committee, or the State Department may have another vote.

All of these persons are no doubt technicians of high degree of skill and ability and sincerity, but they do not represent popular government. They represent government by those who know best, and they do not have the final say, for somewhere there is that senior level of the Government of which Clarence Randall speaks. There is nothing in the Congressional Directory, nothing in the United States Government Organizational Manual, nothing in the laws of Congress, nor even in the Executive orders of the President which actually discloses who writes the agreements. That is a secret. There is not a single Member of the Congress in the Senate or in the House who can cite to his constituents any power or authority he has to speak with dignity and influence of a legislator to the writers of the agreements.

WHOM DO THE EXPERTS REPRESENT?

What do these experts know about the needs of the trade and commerce of Virginia or Georgia, of Oklahoma or Colorado, of Delaware or Kansas, of Kentucky or Pennsylvania, of Florida or Vermont, of Louisiana or Texas, Utah or Nevada?

THE SEARCHLIGHT OF PUBLIC OPINION

Unless we adopt this amendment we are in fact delegating congressional power given to us by the Constitution, not to the President, but to the appointees to whom he in turn delegates the onerous task from which we run away. Congress is not to be trusted, we are told, to approve these agreements. If the power to approve is kept where the Constitution placed it, there will be no agreement, we are told. Well, which is better? Which is more necessary in this crisis, trade agreements or the Constitution of the United States?

But I deny the charge that Congress cannot perform its constitutional duties. Congress can arm itself with technical experts, as this committee has proved, experts upon whom it can depend. This committee has the advantage over the secret committee of experts to whom the tariff power is going because it operates under the search-

light of public opinion, and the Senate and the House in turn operate under the same searchlight.

The Senate and the House are responsive to public opinion. The experts to whom congressional power goes are insulated against public opinion.

Congress has consistently salved its conscience against this abdication of its authority by limiting the period during which the delegated authority may be used. Never have we been willing to grant it for more than 3 years at a time. Sometimes we compromise between a principle and politics and extend the act for a year. Some Senators, I understand, now are proposing an extension of only 2 years instead of 3.

Why this uncertainty? Because they know that the kaleidoscopic changes of world alinement are so rapid and puzzling that we have no means of knowing whether the concessions we grant now may be with a nation which tomorrow will be against us. It was one thing to propose this procedure for the purpose of expanding foreign markets for the products of the United States, as the bill still recites. It is quite another thing to extend this power because, to use the words of former Speaker of the House Joseph Martin, "there are some countries in this world that need trade concessions." This is a very different purpose from that of 1934, just as 1934 was in a different period from 1955.

"I understand, too," says Congressman Martin, "if we are to hold Japan in the fold of the free world and prevent the extension of communism, we must give them a chance to live." Of course, we should hold Japan in the fold for the free world, but I would rather trust Joe Martin and his followers, Sam Rayburn and his followers in the House of Representatives, the members of the Ways and Means Committee of the House, the members of this committee in the Senate, of Majority Leader Lyndon Johnson, and Minority Leader William Knowland, than I would the experts who are to write these agreements behind the closed doors of Government executive offices from which the public is excluded.

Mr. Chairman, I am very grateful to you.

Senator MALONE. I thank you.

We have another distinguished Senator here this morning. Senator Monroney from Oklahoma.

STATEMENT OF HON. MIKE MONRONEY, UNITED STATES SENATOR FROM OKLAHOMA

Senator, will you take your seat, sir, and proceed?

Senator MONRONEY. Mr. Chairman and members of the committee, I appreciate this opportunity of appearing before you.

Senator MALONE. Glad to have you.

Senator MONRONEY. I want to discuss the very serious threat to the economy of the State of Oklahoma as well as our 25 other oil-producing States that is raised by the ever-increasing amounts of foreign oil imported into this country.

The economy of Oklahoma is closely geared to the production of oil and gas. It is next to agriculture as our principal industry.

It produces a gross business of more than one-half billion dollars annually.

Nearly $242 million is paid out to Oklahoma workers in wages. Oil taxes pay approximately $30 million of our State revenue—10 percent of our budget. It supports our schools, our little businesses, our small communities in a very significant way.

When the oil industry is in trouble in Oklahoma, our State suffers throughout all of its 77 counties. Most of our manufacturing finds a market for its products in oil production, our farmers receive income from royalty payments and from lease rentals. It is an important source of employment, of investment, of transportation.

When production of oil slumps, nearly every citizen of the State feels it.

This is the threat we face this year because of excessive imports of crude oil:

1. Loss of nearly $6 million in State revenue in the coming year because of curtailed production.

2. Decline in allowable production in 1954 by 16 million barrels—total gross income loss of more than $40 million.

3. Unemployment in the State's oil industries increased in December 1954, over the same period in 1953 by 156.25 percent. Unemployment grows in the refineries as production is switched to the east coast.

4. Drastic curtailment of drilling operations: We have 115 drilling rigs now stacked. Each of these has a normal payroll of $800 per day which is now lost. Not only is unemployment increased but the experience and skills of these trained crews are soon lost forever if they remain idle and their skills are dissipated.

Senator MARTIN. Could you give us the value of one of those outfits? It seems to me it is valuable for us to have it. I was going to get it the other day.

Senator MONRONEY. I think, Senator, Senator Kerr could be more factual on that than I.

Senator KERR. These drilling rigs average from a hundred to three hundred and fifty thousand dollars.

Senator MARTIN. I knew it was an enormous sum. Thank you very much.

Senator MONRONEY. If these skills and training are dissipated by entrance into other industries or movement away from the State, this loss would be fatal to our Nation should expanded drilling be required for any defense emergency.

Production in our domestic wells is cut back by State regulation. Oklahoma has long been a leader in conservation methods and our State laws restrict production to prevent waste by not producing more oil than the market can absorb. Under State regulation, our allowable production has continued to shrink as foreign oil has steadily increased.

Our production in 1954 of 186,349,000 barrels was the lowest since 1950. During this same period crude-oil imports have increased from 177,714,000 barrels to 239,479,000—a gain of 60 million.

Last year our wells were choked back to 16 million fewer barrels of oil than we produced in 1953. Foreign imports again showed an increase for that year of 3 million barrels—and this year threatens to go even much higher.

This issue differs vastly from most of the problems you are taking up in H. R. 1. The source of these oil imports is from American-owned companies operating overseas. They are the five major com-

panies with vast foreign reserves. They operate strictly under American management, using capital earned in our domestic oil fields, and have developed their foreign fields by using tested production methods developed in this country.

This situation is a far cry from that usually faced in foreign countries. Here we compete with our own capital, our own methods, and even our own companies—using the vast mineral resources of the Middle East and Venezuela for their supply.

Instead of being foreign-owned industry, under foreign management and with foreign capital, we compete wtih ourselves. Much of the profit flows into these American corporations, leaving only the production or royalty payments abroad.

The domestic oil industry is not asking for a prohibitive protective tariff nor an exclusion of foreign production. We are asking only that a limit on the amount of foreign oil be fixed in this bill. The limit asked is 10 percent of crude-oil imports to the total domestic demand. Thus, instead of an exclusion of foreign oil, we ask that the market be shared on a fixed basis with 10 percent being allotted to foreign production and 90 percent allotted to domestic production.

Historically, this is far in excess of the amounts previously imported and would not substantially reduce any oil income now derived from us by foreign governments.

We feel that with some such assurance as to the limits of imports, our domestic producers could be allowed to expand our reserves here at home and increase production as domestic demand increases, sharing this increase with foreign imports, on a 10-percent basis.

Over the past several years, efforts have been made to settle the question of imports by self-regulation within the industry. The antitrust laws and other legal problems appear to make this impossible of attainment. Efforts of some importers to limit their shipments have been met with increased imports by their competitors.

Each year the imports continue to climb as importers claim they are without the power to agree to a reasonable limitation of imports and enforce it.

As a last resort, it appears that legislation is the only course that can be taken to insure against a disproportionate amount of our oil demands being filled from abroad.

It is a well-known fact in the industry that it is far cheaper to produce oil in the Middle East and in Venezuela than in the United States. The deep sands and flush production make importation of this oil attractive to the importing American companies.

In Oklahoma, the average daily production from our 67,581 wells is only 7.6 barrels.

Some of the wells in the Middle East produce as high as 25,000 to 50,000 barrels per day and proration and limitation of production are unknown. In Venezuela, the daily average production per well there is in excess of 157 barrels per day.

Most of our other States have many small wells and limited production from each, making our production costs far greater than those in foreign fields.

Thus, the limitation of 10 percent import quotas is necessary if our domestic producers are not to permanently live under the threat of excessive imports.

No matter how much they reduce production at home—this amount and more will always be made up by additional imports. This prevents planning for additional production, reduces and slows down the development of proven new fields and threatens to close down more and more refineries in the midcontinent area of the United States.

More than half of our States produce oil. Most of these rely heavily on oil for income for taxes of all kinds, for employment of their people in exploration and production and for processing crude into refined products. The heavy imports will continue to dislocate refining operations throughout the central United States regions.

Only last week, Tidewater Oil Co. announced the closing of one of the State's large refineries at Drumright, Okla., ending the employment for 180 employees.

Refineries have recently been closed at Fort Worth, Tex.; Independence, Kans.; and at Kansas City, Mo.

In addition to creating unemployment and loss of payrolls, these shutdowns permanently close these outlets for domestic production. Yet much new refinery production is now being relocated on the Delaware River, where they will have access to additional amounts of imported crude.

In the absence of any other means to adjust the proportion of domestic and foreign production to supply our domestic needs, I urge this committee to give serious consideration to an amendment limiting imports of crude oil to 10 percent of our domestic demand.

I would also like permission to include a table showing the annual production of oil in Oklahoma, annual imports and annual domestic production for the years 1950 throught 1954.

Senator MARTIN. With no objection, the table will be included.

(The document is as follows:)

Annual production of oil in Oklahoma, annual imports, and annual domestic production for the years 1950 through 1954

[Barrels]

	Oklahoma	Imports	Domestic production
1950	163,843,000	177,714,000	1,973,574,000
1951	186,866,000	179,073,000	2,247,711,000
1952	191,523,000	209,591,000	2,289,836,000
1953	202,570,000	236,455,000	2,357,082,000
1954	186,349,000	239,479,000	2,316,323,000

Senator MARTIN. Have you concluded, Senator?

Senator MONRONEY. Yes, sir.

Senator MARTIN. Any questions, Senator Kerr?

Senator KERR. Senator Monroney, there has been testified here from a number of witnesses, I believe including the Secretary of State, Secretary Dulles, that one of the principal reasons for the importation of foreign oil is to give purchasing power to the people in the country from which the oil is imported.

You and I know that we have a great amount of daily producing capacity shut in in this country than the total imports.

Senator MONRONEY. Indeed, very much greater.

Senator KERR. Then isn't it a fact that all we are doing if we permit imports from a foreign country in any amount is giving purchasing

power to those people rather than to our own people here at home?

Senator MONRONEY. Certainly. When the purchasing power represented by the foreign oil imports comes off of available ready production in the United States, that amount of income is merely transferred from United States workers, companies, farmers, and others who share in this, to those people of the Middle East, the Shah of Saudi Arabia and others, while denying that income to our Oklahoma people.

Senator KERR. And other States?

Senator MONRONEY. And the 25 other oil-producing States.

Senator KERR. Is there the slightest question but that an equal amount of purchasing power on the part of American workers and farmers and industry serve far greater value to our overall economy than for them to be denied that amount and that amount transferred to the people of some foreign country?

Senator MONRONEY. And further than that, you could well say that the income from oil, if derived in this country would revolve many, many times through many hands to magnify its value to our economy. One dollar spent in oil would probably equal some $10 in gross volume of business throughout the United States, whereas a dollar spent for foreign oil would probably be spent once, and at least in the Middle East would not revolve to create new employment or new investment or new business for the United States.

Senator KERR. So that instead of the permission of imports from foreign countries under the present circumstances where it only results in the reduction of production at home, instead of aiding our economy by an overall increase of purchasing power of American production, actually we are curtailing it, the overall demand for American production and the overall economy is suffering rather than being benefited.

Senator MONRONEY. By the amount of the imports. However, I believe the oil industry itself wishes to have a supplemental supply of oil from abroad. We do not want it to be a substitution for American production and that is the reason they have come up with this 90 percent-10 percent ratio.

Senator KERR. You mean the proponents of this?

Senator MONRONEY. Yes, sir. I think generally the domestic independent producers and the States that have oil feel that we cannot continue forever to restrict our production to meet market demands, prevent wastage, and see that limitation is picked up by ever-increasing imports of oil. We are willing to share it. The proposal of 10 percent of domestic demand is considerably greater than has been the historic pattern of oil imports, and would not in any material degree lessen the income, or have an impact on a foreign trade program, if an amendment to that effect is granted to this bill.

Senator KERR. Thank you very much, Senator.

Senator MARTIN. Senator Monroney. I presume outside of agriculture and probably some of the mining industries, the production of oil covers more States than any other industry we have.

Senator MONRONEY. Twenty-five States, I believe, have a considerable interest in it.

Senator MARTIN. Could you furnish us the list of States and the number of oil and gas wells that they have in each State?

Senator MONRONEY. I will be glad to. I can also give you the annual production for 1954.

Senator MARTIN. I think that would be helpful.

Then there have been a great number of refineries closed in various parts of the United States during the last 5 years. Would it be possible for you to furnish a list of those refineries that have closed down and the number of men that that throws out of employment?

Senator MONRONEY. I will try to get that. I don't know whether or not that is available from the Commerce Department.

SUPPLEMENTAL STATEMENT OF HON. A. S. MIKE MONRONEY ON H. R. 1

LEAD AND ZINC SITUATION

Mr. Chairman and members of the Finance Committee, I appreciate the opportunity of making a supplemental statement on the lead- and zinc-mining industry in Oklahoma. Oklahoma produced as much as 135,696 tons of recoverable zinc in the years prior to 1940. Since that time our production has slumped to only one-fourth of that amount. In 1953, our production totaled only 33,450 tons.

The decline in domestic production, which in 1949 was 68 percent of our zinc supply, to 32 percent of imports, has been exactly reversed in 5 short years. In 1954, our domestic zinc production was only 32 percent of our needs, and our imports supplied the 68 percent.

That the tariff policy has a direct bearing on this slump is illustrated by the strong report of the Tariff Commission of the United States, finding in a unanimous report that moderate increases needed to be made in the duties on lead and zinc to relieve the hardship and distressing unemployment in many communities as a result of excessive imports.

I know from personal knowledge of the staggering unemployment that has been occasioned in the Oklahoma lead- and zinc-mining areas. Whereas 319 mines were operating in that area in 1949, only 100 operate today. Miners who have long been unemployed have been forced to leave the State to seek part-time work in other mining fields. Their families, unable to move or to relocate, remain behind to exist on meager income from part-time work.

Business in all lines has declined tremendously as additional mines are shut down, unable to maintain production because of lack of demand for their production.

When President Eisenhower turned down the findings of the Tariff Commission, he did so with the promise that if his stockpiling program for lead and zinc did not accomplish the objective of a "strong and vigorous domestic mining industry," he would be prepared to seek relief in other ways.

Surely with the strong, unanimous finding of the Tariff Commission, the provisions of the act for granting relief to such a hard-pressed domestic industry should be reconsidered. The purchase of domestic zinc production at the market price for stockpiling has been of some assistance, but it is not sufficient to guarantee a healthy and active domestic mining industry. The oft-spoken guaranties in the Reciprocal Trade Agreements Act to protect against real hardship should be brought into action—rather than be an empty gesture. If hardships such as exist today in these mining fields are not to be recognized by the President under his powers to modify tariffs in such event, then no industry can be assured of the act working as its proponents have so often promised.

Once again in this instance we find the American mining enterprises competing largely with themselves. Many of the large importers are the same corporations which operate large mining interests in the United States. Our know-how and mechanical advances in operations have been taken to foreign lands to greatly increase the output of their holdings there, to the grave disadvantage of domestic production.

Senator MARTIN. It is probably pretty difficult but would be valuable to this committee.

Senator MONRONEY. By the closing of these interior refineries, you not only eliminate the employment that then exists in the interior areas of this country, but you also wipe out forever the market of that oil, because it is the transportation of crude oil to the refineries, the pattern of gathering oil and moving it into these refineries. When that is pulled out by the roots, you have lost the ready market,

which means that many of your small wells, your stripper wells, which depend by a fraction of a few cents whether we lost 50 percent of the remaining oil in the ground, never to be recovered, or whether that oil can be produced, thereby preserving our natural resources by supplying it to these refineries.

Many of the refineries we have lost were those that have bought this stripper well production which amounts to maybe 2 barrels a day, but adds a nickel or a dime for each in additional freight, and it makes that oil uneconomical to produce; therefore, the stripping operation is abandoned.

Senator MARTIN. I might say to the Senator in Pennsylvania and West Virginia and eastern Ohio, I presume that our wells now average less than a barrel a day, but that furnishes employment for a great number of people, not only the men that work out in the field but also the truckers and others that are interested.

Senator MONRONEY. The price of a barrel of oil, I think, is shared by more people than almost any other industry producing a basic material.

Senator MARTIN. Of course they have increased the number of refineries in the Delaware Valley, but I believe that the Senator realizes that we already had very many transportation facilities by water and pipelines that could take care of those refineries without this great supply of importation from abroad.

Senator MONRONEY. Those could certainly be met by normal transportation from the gulf or by water or by pipelines that are geared to supply the east coast, and always supplied the area before this new influx of foreign crude.

Senator MARTIN. Thank you.

Senator MONRONEY. Thank you.

The CHAIRMAN. Senator Williams?

Senator WILLIAMS. No questions.

The CHAIRMAN. Senator Malone.

Senator MALONE. I am very much interested in your testimony, Senator. As you know there have been others here advocating the quota system.

I know you are aware because you have in Oklahoma as in almost every other State in the Union—as you say oil may affect more States and a wider area.

Senator MONRONEY. It is a basic industry, and it is perhaps more important to our economy to keep oil moving than almost any other resource.

Senator MALONE. That is true. But relatively speaking in the smaller industries, even if it is clothespins in southern Maine or it is a glass factory in West Virginia, relatively speaking the community is affected in a like manner, is it not?

Senator MONRONEY. Yes indeed.

Senator MALONE. So it seems to me, it has seemed to me for a long time, if this thing is to work out on a survival of the strongest, it is not a very good thing. Mr. Dulles testified, as a matter of fact, that the weaker industries will be hurt first and outlined here in a very fair manner, as Senator O'Mahoney read this morning, that it is really the objective to replace some of these industries to a certain extent. He did not say that some of them might not be altogether re-

placed, but in any case the industrial map is to be remade to the extent that imports are allowed to come in. Do you agree with that?

Senator MONRONEY. No, I do not. Frankly I feel that in considering this very important bill, the Congress must take great care to be sure that we do have a foreign-trade program.

I am urging the passage of this amendment because I do not believe it does violence to that foreign-trade program.

Senator MALONE. What is the foreign-trade program?

Senator MONRONEY. The foreign-trade program, as I understand it, is an attempt to balance to a considerable degree the amount of imports we receive, and thus dollars earned by foreign countries to buy the products which we historically export.

Senator MALONE. What are those products that we historically export?

Senator MONRONEY. Agriculture is the principal beneficiary with some 33 or 35 percent cotton, some wheat, and a considerable amount of other agricultural products. We have large exportation of automobiles, of machinery, of machine tools.

Senator MALONE. Can you export an automobile to England at all, for example?

Aren't these tariffs mostly prohibitive?

Senator MONRONEY. I don't understand they are prohibitive. Our automobiles are for the most part, moving in export without too great difficulty.

You find high spots and you find low spots. As I understand it, the automobile industry is in favor of this bill, and find themselves able because of the quality of their products to merchandise them in almost every country in the world.

Senator MALONE. You have to look into that, Mike, because it costs almost as much as the automobile is worth to get it into England, for example, and it is relatively high in most other countries.

We will pass that. I didn't intend to get into that. We export wheat but we pay the difference, the taxpayers do, between the world price and the support price.

Senator MONRONEY. Yes, under the International Wheat Agreement.

Senator MALONE. Do you think they will move wheat if we don't do that?

Senator MONRONEY. They have to pay in dollars and those dollars either have to be earned or given.

Senator MALONE. We give them the dollars in most cases.

Senator MONRONEY. What we are trying to do, in meeting the receipt of dollars earned from abroad, is to enable them to earn rather than be given this money to buy our excess agricultural production.

Senator MALONE. You have an idea—I know you do because you generally think those things through—that it is all right to allow imports to come in and decrease the production in this country of some product in order to increase the importation of other products.

Senator MONRONEY. You have to negotiate these things with care as to the effect on our economy, and you have to look particularly at the unemployment that would be created. But you must also consider new employment that will be created by exports. Our economy is never static. Our American industry is far more flexible, far more

capable of developing new products and new markets, than the average industry of foreign nations.

Where we do run headlong into difficulties is in the area of raw material production. A barrel of oil from the Middle East is exactly the same quality and quantity as a barrel of oil produced in this country.

We have no chance to show American ingenuity in production. It is American ingenuity that has made possible the production in that foreign field.

Senator MALONE. Wouldn't it be the same in tungsten or in clothespins?

Senator MONRONEY. I wouldn't say the same is true in clothespins because there are a lot of new plastic clothespins that have a greater sales appeal than old-fashioned, wooden clothespins.

Senator MALONE. There are also a lot of imports of clothespins, wooden clothespins.

Senator MONRONEY. I don't think it is very much dollarwise.

Senator MALONE. My colleague here and also Mrs. Smith from Maine seem to be concerned about it.

I am not too familiar with that. But I am familiar with the glass industry and crockery industry and others.

Just on principle, you agree then with Mr. Dulles when he says in answer to the question asked him, if the act does give the authority to trade away an American payroll to serve an international purpose, and if it causes injury to that American payroll. He says, "Conceivably so, yes. We do a lot of things, sir, which do great injury to the American people to serve an international purpose."

Senator MONRONEY. I do not agree with Mr. Dulles on that. I think what we are trying to do, and what is important for us to do, is to keep alive a foreign market for our production, both industrially and agriculturally, and from a mineral standpoint.

I still do not think we should trade away any benefits that in the aggregate help America. That is my position in this bill.

Senator MALONE. At one time last year I did add up the amount of money we were giving annually to foreign countries and the amount we were giving away in the matter of national defense equipment and if you subtracted that total amount of exports, you come right back to about 4½ percent of the exports that you have had for about 30 to 40 years. It never changed very much except when we forced it by giving the money or the equipment.

Senator MONRONEY. I did not think, Senator, that our foreign aid in military equipment showed up as exports.

Senator MALONE. Most of them come in here first and we get the amount subtracted.

Senator MONRONEY. Under the Marshall plan, where we furnished machinery or products for industrialization, they would probably show up as exports. But on straight military aid, like guns, cannons, tankers, and tractors, I don't think they show up as exports.

Senator MALONE. They did at the Department of Commerce until we got after them.

If you subtracted it and included the money, why you come right back to about the same kind of trade you always had.

Isn't that what you want and what your people want in Oklahoma, just like they want in Nevada, just a basis of fair and reasonable competition and equal access to their own markets?

Senator MONRONEY. I think we all want equal access to our own markets. I think we must ever be conscious of the fact that we do not damage the fabric of our economy.

That is the purpose of this committee in considering H. R. 1 and suggested amendments to it. But it must be in relation to the overall economy of the country, our general employment and our general prosperity, and I am very fearful that if the Foreign Trade Act were junked we would build up more unemployment. We would suffer a loss of gross national product and we would suffer desperately.

What I am asking is that we put this matter under a microscope and determine the areas in which commonsense adjustment can be made to give us a healthy growing economy at home, and also to provide for increased foreign trade.

I don't think it is an impossible thing to do.

Senator MALONE. Well, we have been trying for quite a while and don't seem to be getting very much of it unless we give it away. Are you aware that we signed up in a new trade organization, international one?

Senator MONRONEY. I understand that is a discussion group—that they have no power to bind us in any way, shape, or form.

If you are speaking of GATT—they are working on a broad international program that is as complicated as anything that could possibly be conceived, trying to encourage the gradual reduction of world tariff barriers to foreign trade. Certainly we have taken the leadership in doing that, and I think we should be working on others to join us in eliminating these discriminatory practices wherever possible.

Senator MALONE. Do you know what the effect has been on foreign nations so far as to eliminate their so-called barriers like exchange permits and import permits and duty and tariffs?

Senator MONRONEY. Certainly we have run into great trouble.

Senator MALONE. Haven't they been raised?

Senator MONRONEY. I don't think they have.

Senator MALONE. I will tell you that they have.

Senator MONRONEY. As against the postwar period, they have been declining. Certainly a most difficult thing for any nation that is economically strapped as a result of the war, is to try and maintain the value of its currency abroad.

If they have X number of dollars available, then they certainly cannot permit the importation of far more goods than they have dollars to pay for them.

Senator MALONE. I expect that is about the most reasonable thing that you and I can agree on. But what we try to do is force the trade, and then we either have to give them the money to buy it or they put a false price on their money which in most cases they have done—I would say 98 percent of the cases.

Senator MONRONEY. I would not agree that we are trying to force foreign trade. We are trying to give leadership to a general scaling down of tariff barriers where it is consistent with the general economy of the country to do so.

Senator MALONE. What is the effect on the oil industry this attempt we have made now?

Senator MONRONEY. The oil industry is not here asking for tariffs.

Senator MALONE. What are you asking for?

Senator MONRONEY. We do not feel that tariffs would be of any help to us.

Senator MALONE. You are asking for protection.

Senator MONRONEY. We are asking for a sharing of the United States market on the basis of a better deal than the production and importation picture has historically been.

The Congress has, in many of these tariff bills, written in peril point, hardship clauses, and other things. Those apply specifically to tariffs, so the normal appeal and normal adjustment that is provided in the reciprocal trade act for all manufacturing industries, does not apply to give those in the production of this basic resource, on which America depends largely for the transportation power, any degree of allocation of the American market. We would like to have a future oil industry, capable of blueprinting an expansion, but we cannot do that to meet increased domestic needs if, every time our domestic needs jump by 100 or 200 million barrels a year, that that amount is made up in imports.

We are willing to share that, and this is an escalator amendment which would give them a 10-percent share of the increased consumption. We think we need to have, and must have, if we are to rely on our own supply of oil to move our economy, a healthy, alive, vigorous, progressive, and expanding petroleum industry.

We need to have reserves in this country in the event of war. If we dissipate our drilling facilities, if there is no longer a search for oil, if we are not finding new fields, we are just using up the Coca Cola that is in the glass that we already know is there.

We must add to our reserves which we have. But as we add to those reserves, and they have gone up by hundreds of millions of barrels, we find we are not able to even withdraw a fraction of those to meet the expanded domestic use of oil in this country.

Senator WILLIAMS. Would you suggest a similar quota system on other commodities which are in trouble?

Senator MONRONEY. It would depend, I believe, on whether the product could be best treated in that manner. In the smaller metals field, it is important to keep a domestic source of supply alive and healthy for stockpiling critical and strategic items that we must have here at home.

Senator WILLIAMS. We all recognize that stockpiling does reach an end some time and we know when you have to resort if you are going to give protection, either to tariffs or quotas. I was wondering whether you would recommend increasing the tariffs or extending the quota system?

Senator MONRONEY. I think that is a decision that this committee must arrive at as to the amounts of production in this country versus our imports.

If we produce only a fourth of a certain metal, and must rely on imports for three-fourths of it, it would be far cheaper for us, using the three-fourths in our commerce as well as the one-fourth, to buy a portion of that for our stockpile. This would be a rather minor expense to the Nation, compared with the additional cost that would be added by a tariff which would work against the three-fourths of your production and raise the cost of production of all other metals.

Senator MALONE. Mike, I know a person can talk with great authority about his own industry but some of us have studied this thing.

Do you know that the Government doesn't pay a tariff when they import the material for the stockpile?

Senator MONRONEY. I think that is true. I am arguing that we should not buy imported goods of any kind unless they are not available here for our stockpiling, and both the stockpiling and it should be reserved to help maintain that production.

It is as important to have the production available in the ground as it is in the warehouse, and that we keep alive, at a cost of production, those scarcity items that would be critically needed in the event of war.

Senator MALONE. You can't keep metal in the group and keep your miners on furlough because you are not discovering new metal.

Senator MONRONEY. We are in agreement. I am saying that these mines should be worked to keep available the skill and know-how. to keep the mines free of water, and to help in that purchase, where we rely largely in overseas supply, and to offer that additional market which I think then would support the domestic price at a cost of production.

Senator MALONE. It has been a long time since I worked in the oil business. I was very young. So I am submitting to your judgment on the oil industry that it needs some protection.

But I want to say to you that no one can run a business on a stockpile deal, because some joker in the Government can stop the stockpile buying and vary it so there is no stability for the investor or for the jobs.

It doesn't make any difference at all. It is simply to wet the public down so that they think you are doing it for a business.

Senator MONRONEY. Are you again stockpiling or limiting it to domestic production?

Senator MALONE. I was the one who came in 1937 and tried to get them to buy a stockpile when Woodring was in office and then the fellow who was later Secretary of War was his assistant. They say I am the first one that came in. I am also smart enough to know that you can't run a business on it.

It destroys the business. You are in the oil business. I am not in the oil business. I do not think a quota should be put on the oil business because if you are going to protect an industry you ought to protect it.

You have the Neely amendment——

Senator MONRONEY. Let me ask a question right there, Senator.

Senator MALONE. All right.

Senator MONRONEY. I don't believe that a protective tariff would help the domestic production at all. The production is so cheap abroad that they can hurdle any tariff barrier.

Senator MALONE. Would you let me finish. I think you are looking for information. I have watched you a long time. When you assume cures for other industries where you are not too well informed, it doesn't make too happy a deal.

There is an S. 404 amendment to the Tariff Act. That has been introduced several times. It is in this committee. It was introduced January 14. I am talking about the merits of this one compared to

the Neely amendment. The Neely amendment puts the quota at 10 percent, which may be right at the moment, but might not be right 6 months or 2 years from now.

But in this—this 404—on the basis of fair and reasonable competition, they can use either tariffs or quotas. The Tariff Commission can do that upon proper hearings, or they can use both, so that the criterion is fair and reasonable competition. I will just read you the quota section:

> **The authority in the manner provided for in subdivisions (*c*) and (*f*) in this section may impose quantitative limits on the importation of any foreign article for such amounts and for such periods as it finds necessary to effectuate the purpose of the act.**

The purpose of the act is fair and reasonable competition; that is, in addition to duty or tariff that might be on the basis of fair and reasonable competition, but found not to quite answer the purpose, just as you outlined, and there may be other products where it might not quite answer the purpose.

pile deal, because someone in the Government can stop the stockpile

This would cover all products. It provides a basis of fair and reasonable competition, not a high tariff or low tariff or duty, but that difference that gives the American producer equal access to his own market, resorting to quotas where it is necessary. It would not confine it to petroleum, and there are 5,000 other products that are practically in the same condition as petroleum, just their tongues hanging out, but every person almost—not every one—takes it for granted it is all right to trade the other industry away if they themselves are protected.

I know you are not that way and you would like to be for something. That is what some of us are searching for, to be fair and reasonable, to have a competitive basis for all of the products, to have an objective. So like Mr. Dulles said, it is the objective to trade one for the other or remake the industrial map. I know you do not agree with that.

Mr. Dulles says you can do that under the act. He says under the Trade Agreements Act of 1934 you can do that, and they have done it.

There is no question about that.

So we are searching for the thing, if we can find exactly what you want. You suggest a remedy, but what you want is a fair and reasonable competitive market here for your people. Then let's get the best thing we can get to give that to them, but don't confine it to just one product.

Senator MONRONEY. That is the problem of the committee, to survey the relative importance to the national committee and economy. It is also the problem that the Senate will take up in this bill and in any amendment would be germane for other quotas.

Senator MALONE. Let me ask you one more question. Do you want to weigh the value of a product to this Nation, and if it is not as valuable as another one, to trade it off?

Senator MONRONEY. I was talking about the general economy, gross national product, and the relationship with exported surpluses abroad which we must never lose sight of in any foreign-trade bill, it is not just a matter of domestic.

Senator MALONE. We take care of the wheat surplus by giving them 50 cents a bushel to do that.

We vote for it, so I guess we are for it. I voted for it. We don't seem to have any problem there.

Senator MONRONEY. I believe cotton moves in a greater amount than wheat without any world market agreement.

Senator MALONE. As I understand it, you are for protecting other products like your own.

Senator MONRONEY. The Senator is putting words in my mind. I am for this committee carefully studying and recommending on the basis of the national economy the particular importance of any item for national defense——

Senator MALONE. That is to be a national-defense item.

Senator MONRONEY. No; that is one of the factors.

Senator MALONE. But we must weigh what a product is worth to this country in national defense, and quantity and all, and then decide what we are going to trade off.

Senator MONRONEY. We must still look abroad for foreign markets if we are going to maintain full employment. I don't think that carte blanche authority to a commission downtown to use quotas and/or tariffs would be the necessary answer.

I think this Congress is perfectly capable of looking at those areas where special treatment is required in the interest of our whole economy structure.

Senator MALONE. The Congress has nothing to do with it. We are just determining whether to pass a bill to allow the President to do all this thing again.

Senator MONRONEY. You have the right to examine that bill and find out if there are areas in which you wish to make certain qualifications.

That is the duty of this committee; that is what I thought these hearings were for.

Senator MALONE. You are talking about only one product.

Senator MONRONEY. I am only one witness. You have heard dozens of witnesses, and the members of this distinguished committee will be capable of coming up with an answer.

Senator MALONE. Are you willing, then, to have this same protection, whether it is a quota or tariff or whatever it is, fair and reasonable competition extended to other products?

Senator MONRONEY. That will be the decision of the committee and the decision of the Senate. The bill will be wide open in the Senate for any amendment that the Congress believes is important enough to our general economy to be included.

Senator MALONE. In other words, what I am merely trying to find out, that is what Dulles said.

Senator MONRONEY. Dulles did not say that from what you told me.

Senator MALONE. If the product is not important enough you can trade it away and you do trade jobs away if they are not important enough.

Senator MONRONEY. I understood you to say that Secretary Dulles said, you can trade anything away so long as it is better for our international relations. My point is on the general economic condition and what is good business for the United States generally. That is the final test I think we might have.

Senator MALONE. He said in answer to the question, "Do you agree there is authority in the act to trade away an American payroll to serve an international purpose."

Dulles says: "Conceivably so; yes. We do a lot of other things, sir, which do great injury to American people, to serve an international purpose."

Senator MONRONEY. That would be a strictly domestic purpose I am talking about. He has a right to say what he says. I am not in sympathy with him on a lot of things. I said I am interested in the general prosperity of this country, and to maintain that over the years, I feel we must have foreign markets for some of the things we produce in excess.

Senator MALONE. We must trade away some things in order to get an increased market for something else?

Senator MONRONEY. The general economy.

Senator MALONE. The general balance.

You can trade away some to get markets for others.

Senator MONRONEY. That is up to the committee to examine, to see where the loss would be significant.

Senator MALONE. That is all.

The CHAIRMAN. The next witness is Congressman Edmondson, of Oklahoma.

You may proceed, sir, in your own way.

Senator KERR. Mr. Chairman, before he starts may I ask that there be inserted in the record thhe statement of Roy G. Woods, president of Oklahoma Independent Petroleum Assocaition, of Oklahoma?

The CHAIRMAN. Without objection the insertion will be made.

(The document is as follows:)

STATEMENT OF ROY G. WOODS, PRESIDENT, OKLAHOMA INDEPENDENT PETROLEUM ASSOCIATION, OKLAHOMA CITY, OKLA.

In January 1955 I appeared before the Ways and Means Committee of the House of Representatives of the United States Congress, to testify in their hearings on H. R. 1. My testimony there is a matter of record. This statement will not be repetitious but will, I hope, bring you up to date on Oklahoma oil facts in their relation to oil imports.

The last week in December our Oklahoma daily level of production was 495,000 barrels per day (corporation commission figures). Our entier 1954 production of crude oil was 186,423,000 barrels of oil which is a loss of 16,021,000 barrels from 1953. This loss occurred even though our productive capacity and reserves are greater than at any time in Oklahoma history. The 1953 daily average was 550,000 barrels; our January 1955 daily average was 525,000; February 559,000; March 570,000 (estimated). This, you will note, is an increase. Our corporation commission has seen fit to increase the allowables in spite of the fact that the pipelines nominated or asked for 447,721 barrels per day for March. Why this increase, despite lower nominations? Because our commissioners know that domestic demand is up at this time of year, and because they know the continued restricted rates of 1954 were ruining the industry. We simply could not go on as we did in 1954.

The Oil and Gas Journal shows rotary rigs and drilling equipment down as follows:

February 14, 1955, active 295, down from —115, February 15, 1954.

February 21, 1955, active 298, down from —75, February 22, 1954.

February 28, 1955, active 286, down from —97, March 1, 1954.

Already our pipelines in some cases have refused to make new connections and refused to run the oil allowed by the Commission, saying they have too much oil. They cannot sell it. They cannot store it. This is an indication that we are in for more trouble unless we are relieved of these excessive foreign-oil imports. The facts show that the major companies have 85 percent of the refining capacity of this country with 71 percent of the capacity being owned by importing companies. Therefore the importers are in a position to run additional Oklahoma oil if they want to. The major companies purchasing oil in all States for use across the country, with their great pipeline systems, are in a position to buy oil

where they want to buy it. They want the foreign oil which tends to squeeze the independents in Oklahoma and elsewhere. They nominated only 447,721 barrels per day from Oklahoma (Corporation Commission figures). They intend to run from imports for the first quarter of 1955 an average of 1,225,000 barrels daily, or an increase over last year of 13 percent (IPAA figures).

I pointed out in my House statement the extraordinary dependence that we have in Oklahoma upon a sound, healthy oil industry, as well as the numbers of persons that are dependent upon that industry * * * that go to make up the team. They can continue to be effective and operate if the importers will curb their appetites to 10 percent of domestic demand on what they import. Oklahoma has 67,581 oil wells averaging 7.6 barrels of oil per well per day. In the Middle East alone there are less than 600 wells producing 5,000 barrels per day. They have no proration or curtailment. Yet those 600 wells have hurt the economy of my State by untold millions of dollars in lost wages, salaries, revenues, and undiscovered reserves. I respectfully urge the adoption of the Neely amendment to H. R. 1.

STATEMENT OF HON. ED EDMONDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. EDMONDSON. Mr. Chairman, my name is Ed Edmondson and I represent the Second Oklahoma District in the House of Representatives.

I appreciate this opportunity to appear before the committee during its deliberations upon extension of the Reciprocal Trade Agreements Act.

The substance of my plea to this committee is the same as that which I directed to the House Committee on Ways and Means: Give us a reciprocal trade program with which—and under which—all Americans can live.

I have been a strong believer in the principle of reciprocal trade since I first studied it in school, and I have no argument with that principle today.

I do have strong argument with the program as it is now being administered, primarily because I believe American industry and the American workingman are not receiving a fair deal under it.

In my own district in Oklahoma, I have seen a drastic reduction in the price of lead and zinc and equally drastic reduction in mining operations and employment.

Literally thousands of American miners and workers in related industries have lost their jobs, while imports of lead and zinc from foreign countries have steadily mounted.

The lead and zinc industry is one of the several American industries which have made a strong showing of industry damage from imports before the U. S. Tariff Commission, and won a unanimous recommendation for tariff relief from that Commission, only to see the recommendation ignored by the Chief Executive.

The Second Oklahoma District is also the center of a large window glass manufacturing operation. Within the past 2 years, many workers in window glass in Oklahoma have been compelled to work on reduced shifts and under "share the work" plans, while the imports of plate and window glass have steadily mounted.

Last year I urged this industry to seek relief under the Escape Clause—but after seeing the fate of the lead and zinc industry after an open and shut case for relief had been established, this advice does not seem to hold much future.

In Oklahoma, hundreds of thousands of people are dependent upon the oil industry, and we have been under strict proration for a number of years, in an effort to maintain stability in this great industry. Today, however, that stability is being destroyed by skyrocketing imports which threaten the domestic economy of every oil-producing State, and it seems useless to expect relief from the present administrators of the reciprocal trade program.

It seems to me that a sound, unanswerable case has been made for the writing of additional safeguards into this program.

It was never intended to destroy American industry or to throw thousands of our working people into unemployment or part-time employment, but the evidence is abundant that it is having that effect in many States, and it becomes our obligation to rewrite the program in accordance with plain commonsense.

If we fail to do this, we are going to lose the support of the people for the basic principle of the program, and that would be a disaster of first magnitude in our modern world.

Isn't it possible to rewrite the program in such a way as to preserve its fundamental values, and yet at the same time prevent wholesale destruction of American industries—many of which are essential to our national defense and security?

Mr. Chairman, I believe it is possible to do this, and I believe this committee has before it several proposals which would do the job.

An amendment has been suggested, under which the findings of fact by the Tariff Commission on the question of industry damage would be binding upon the President, obligating him to take the steps recommended to safeguard a domestic industry, unless the national security made it inadvisable.

Since the Tariff Commission spends many weeks in its hearings, and explores both sides of the question impartially and in freedom from political pressures, this amendment would seem to be both reasonable and desirable.

As an alternative, an amendment has been suggested which would impose quotas upon foreign imports of many products, and would limit their importation when they exceed a predetermined percentage of American consumption.

This amendment has the merit of preserving our national market for national producers, while sharing it with our neighbors to the limit of our ability to share without hurting our own industry.

Admittedly, there are some objections to the quota proposal, just as there are objections to a sliding scale tariff and to other suggestions which are based on fluctuating American consumption or price levels.

No safeguard is likely to be either foolproof or perfect, and it is going to require careful planning and real legislative ingenuity to create safeguards which do the job intended and yet at the same time permit as much foreign trade as possible.

In recent weeks, I have heard considerable discussion of a proposal which is aimed directly at the heart of our basic problem—the unfair competition made possible by much lower labor cost in the great majority of foreign industries.

No one can deny the fact that wage rates in foreign countries are far, far below the United States level.

The flat-glass industry has estimated that the average workman receives over five times as much each year as his overseas competitor for world markets. An average American hourly wage of more than $2.40 is compared with the Belgian glass worker's 45 cents per hour, the British worker's 41 cents per hour, the French worker's 37 cents per hour.

For all industrial workers, the American average ranges from 3 times to 10 times as high as the foreign competitor. In the 1952–53 period, the United States industrial hourly average was $1.79, as compared with 47 cents for the United Kingdom, 44 cents for West Germany, 35 cents for Italy, and 19 cents for Japan.

Low-paid crew costs on foreign ships also create unfair competition. A British glass manufacturer can ship 100 pounds of window glass from Liverpool to San Francisco for only 80 cents, but it will cost an American manufacturer $1.39 to ship the same 100 pounds to San Francisco from Henryetta, Okla.

How can American industry hope to compete with a foreign competitor enjoying this cost advantage, while the American Government rightly insists on the maintenance of certain reasonable wage standards in our country?

And how, for a further question, can we expect an overseas market for American business products, when the overseas workman is employed at such a depressed wage scale, and has so little purchasing power in his own right?

Isn't it possible to operate our reciprocal trade program in such a way as to encourage a higher wage standard in foreign industries which are the beneficiaries of trade concessions under reciprocal trade agreements?

Wouldn't it be good business for American producers who want to export their goods overseas, to provide an incentive overseas for building the working man's purchasing power—in order to make a customer for American products?

Is there any good reason why an American company which takes American capital to a foreign country should pay its workers overseas a much lower wage than they pay in our country—and thereby create unfair competition for the American workingman?

Isn't it likely that our Nation would win a good many friends among the working people of foreign countries—where we need them very much today—if we adopted a foreign trade policy which encouraged and promoted higher wage scales in the countries with which we trade?

There are a few of the questions which turn over in my mind, as I consider the proposed amendment to the reciprocal trade program, under which we would require any foreign industry benefiting from a reciprocal trade program, under which we would require any foreign industry benefiting from a Reciprocal Trade Agreement to pay its workers at least a reasonable percentage of the United States minimum wage.

This idea, to my way of thinking, holds great promise for a future reciprocal trade program, under which we could eventually deal with the unfair competition of a substandard foreign wage rate—and at the same time build a foreign market for American exports.

The same formula might well be applied to competing agricultural products from foreign countries wherein the price paid the farmer is only a small fraction of our supported farm price in this country.

Admittedly, the objective of raising foreign wage levels would have to be pursued by progressive stages, with care that the requirements initially established did not operate as unreasonable roadblocks to trade from the outset.

It might be necessary to refine the wage level requirements for different countries, in terms of their present standards of living and their per capita production, or per capita income.

Assuredly, diplomacy would be required, to avoid any charge of internal meddling by our Government, and to make it clear that the wage or farm-price requirement was only a consideration for the privilege of trade concessions in our country—and not an edict from Uncle Sam.

I am sure there will be critics to punch holes in this proposal, and it will require careful study and even more careful implementation, if adopted by our Government.

There are always critics, however, just as there are always methods to put a good idea in operation, if the will is there to make it operate.

It is imperative, in my honest opinion, that we find some way that will operate within the framework of reciprocal trade to preserve and protect our American industry and the high wage levels of the American workingman.

If we do not find that way, I am firmly convinced that reciprocal trade will soon be as dead as the dodo, because the American people will demand that it be killed.

Let's save this worthwhile policy, and save it now, by writing into it safeguards for our own industry and working people.

Thank you.

The CHAIRMAN. Thank you very much; Senator Kerr, do you have any questions?

Senator KERR. I have not questions. I want to congratulate the Congressman again and on his fine and very effective statement and say to the committee he presents the viewpoints in there of many of the people of Oklahoma.

Mr. EDMONDSON. Thank you, sir.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Malone.

Senator MALONE. Mr. Edmondson, it is almost an idealistic statement that you made. It is very much to be desired, the things you said, if you could increase foreign trade and increase foreign standards of living and protect our industry, it would be a wonderful thing.

You call it "reciprocal" trade, I suppose you know that the phrase reciprocal trade doesn't occur in the act, never has, is not proposed now.

Mr. EDMONDSON. It certainly occurs in the committee reports in connection with the act and is very obviously the intent of the Congress that it be on a reciprocal trade.

Senator MALONE. I am not sure. London bankers invented the phrase long before you came to the House or I came to the Senate, in the 1934 era, just like the Chancellor of the Exchequer, Butler, in-

vented the phrase, Trade not Aid, that spread through the New Deal columnists and radio and TV almost overnight.

I pinned that on him in 1949, about a week after he created it. They also created the dollar shortage over there, which can be curbed in only two ways by a nation. One way is by us spending more than we earn each year. An additional method of creating a dollar shortage is for a nation to fix a price on its currency above the market price, and only the Congress will pay it.

I think you are going to have a great future. I was in Oklahoma before you were born. You are for this quota in oil because I think you are going to be put practically out of business, and destroy part of the industry in your State.

Mr. EDMONDSON. I am for the quota on oil and I am for the quota in any other industry where the need for it is as obvious as it is in the case of the oil industry.

Senator MALONE. I am sure you are. What you want is something better for the American people and the workingmen and the small investors in this country.

You don't need to answer that. I know you are for that by looking at you.

Mr. EDMONDSON. Thank you. I appreciate that.

Senator MALONE. What you want really is the basis for your own producers of fair and reasonable competition.

You don't want to be crowded out of the market. You don't want to crowd them out. But you want a fair access to your own market. That is what you really want.

Mr. EDMONDSON. That is right, sir.

Senator MALONE. Isn't that what everybody wants? You may not have heard them here, but you probably did in the House. Isn't that what they beg for, just an even break?

Mr. EDMONDSON. They want a fair break on American markets.

Senator MALONE. They don't think what they are getting is a fair break.

Mr. EDMONDSON. I am convinced that many of them are not getting them.

Senator MALONE. I don't know anyone that is getting it. This hammer is held over everybody's head. They make secret agreements. They don't know what is in it until it is signed. At GATT in Geneva you never know. They have multiple-nation agreements.

Multiple-trade agreements. They make concessions here and there. One nation makes a concession to this nation for that nation making a concession to us or some other nation.

I read this morning and asked that it be put into the record, a dispatch from the New York Times. At least I read a part of it.

The Washington Post has that same dispatch but much curtailed. It is a dispatch of this morning. Our Assistant Secretary of State has just signed a new agreement over there. It is an organization for trade cooperation and it takes the place of General Agreements on Tariffs and Trade.

I know you are interested in this whole thing. They say they are going to present the organizational features to Congress but if you analyze that, the organizational features are how they set it up. It is very complicated. If you would write the Secretary of State I am sure he will send you this business and make your head ache before

you get through reading it, and probably make you pretty mad because after you approve their organization what they do then with these multiple-trade agreements are not subject to the Congress and will not be presented here; that is, so outlined.

I am very much interested in what you said about in some way hanging this on the wage rate in foreign nations.

Of course they are all different, under it.

You agree that by continually lowering our tariffs you give the opportunity to the foreign trader to continue holding their labor costs as low or lower and as we lower our tariff they take the additional in as a profit.

Do you agree with me that it offers that opportunity?

Mr. EDMONDSON. It undoubtedly would and if we don't write into the program some safeguard, some provision that requires these industries securing additional trade concessions to share the benefit of the lower tariff rate with the working people over there, we are going, we are not going to create the foreign market for our products that this whole program is aimed at creating.

Senator MALONE. I have been in practically every nation on earth except the Iron Curtain countries and Russia and a couple of the low countries. They operate differently than we do. They have no idea of giving the workingmen anything. So all this Marshall plan aid never reaches the workingman at all.

On investigation you will find that out. On the other hand instead of lowering a tariff, if you let this revert to the Tariff Commission, which it does, if we don't extend this act, then 1 minute after midnight on June 12 of this year, every product on which there is no trade agreement reverts automatically to the Tariff Commission to be regulated on the basis of fair and reasonable competition. That is that duty is set in that manner. They determine the cost of producing an article here and the cost abroad and in the chief competitive nation, and they can take many factors into consideration, like the landed and declared duty customs cost, offered for sale price and all. They won't miss very far.

They have one criterion from the Congress, Mr. Edmondson, and that is to recommend the duty to the Congress. Anyone using low-cost labor and bringing stuff over here cannot profit by the low-cost wages. We take the profit out of it, that is all it does. If they were to hit that a couple of times and some of the smart traders were to say, the party is over, we might as well pay it to our own workingmen as to Uncle Sam's Treasury and create a market at home.

Don't you think that would have a tendency to work that way?

Mr. EDMONDSON. Well it would appear to have logic, Senator. But I would be very doubtful that it would be uniform experience. If they are unwilling to share the benefits of practical free trade that prevail on many products under these trade agreements that we have, I am very doubtful that anything short of actual writing it into an agreement is going to induce them to raise their wage levels.

Senator MALONE. You see they could not profit from any of that anyhow, and they would know that if it is written in.

All they would have to do is hit the thing a couple of times and they could see they could not profit from low wages. They could only start profiting from that when their wages reached our level, because

under the 1930 Tariff Act the Tariff Commission is directed to determine on a flexible basis on their own motion, or at the request of the President or the Congress or anybody, to make a new examination and then rate it up or down to meet that differential.

This is my question. I want you to think about it.

It is a little abrupt here. Wouldn't that just take the profit out of slave labor throughout the world as far as our markets are concerned and wouldn't that be an incentive for other nations to create markets at home like we have had here over a period of 75 to a hundred years? They would know that our tariffs would come down as their labor costs went up, and if they were living like us at some future time, then automatically free trade would result. Doesn't that sound about half reasonable? You study it.

Mr. EDMONDSON. Without being more familiar with the formula that would come into play under a reversion to the Tariff Commission operation, I would be presumptuous to try to answer you.

Senator MALONE. I would like for you to study it.

I am only bringing it up because I think you will study it.

I have no doubt about it. We all get rushed into things. Sometimes there is no time to do anything. Time is the element around here. I belong to 2 or 3 different committees but I sit here 8 to 9 hours a day because I think this is the most important thing facing Congress.

If we extend this act and throw this into a foreign organization that can divide our markets, it will be a great sellout, greater than Yalta. That is what I think of it.

There is a bill here, an amendment, a Neely amendment, but there is another amendment that will probably do the same thing for every product.

It goes into more products and has been more thought out. The Neely amendment talks about strategic material and then goes into oil but does not say how to do it. This would allow you to fix this differential and consider all of the factors, declared customs cost, offered for sale price.

Investigations could make in the foreign country. It would also take into consideration when they manipulate their money, this says:

(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the authority shall take into consideration, insofar as it finds it practicable—

(1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

(2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

(3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

(5) The actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

(6) The probable extent and duration of changes in production costs and practices;

(7) The degree to which normal cost relationships may be affected by grants, subsidies (effected through multiple rates of export exchange, or

otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

(h) The Authority, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act.

Under this Trade Agreements Act you just determine where you think it ought to be and you make your trade upon that basis. Or they may not make it on that basis. There is nothing in the act that is mandatory.

Any change is not subject to remedy except through the escape clause. I think if you will read the experiences, there is no escape.

Mr. EDMONDSON. Pretty sad.

Senator MALONE. You go on then and the act, the authority provided in subdivision (c) and (f) may impose quantities, quantitative limits on the importation of any foreign article for such amounts and for such periods as it finds necessary in order to effectuate the purposes of this act.

If the quota and tariff or both were fixed on petroleum, and in 6 months it was found it did not fit, they could take it over overnight and adjust it, but have a principle on which to adjust it, that principle being fair and reasonable competition.

That would not only apply to oil, it would apply to 5,000 other products.

Don't you think some system of that kind might be reasonable?

Mr. EDMONDSON. I certainly can't speak for the oil industry or for any other industry.

Senator MALONE. No, I am just talking to you.

Mr. EDMONDSON. I can certainly see the reason in the provision for a variation in the quota as our own market condition changed and our supply changed.

Senator MALONE. If you signed an agreement you could not change it. But if you have a Tariff Commission——

Mr. EDMONDSON. I would be pleased to study it.

Senator MALONE. Take this one along with you and this one along with it. It is exactly the same, except that it applies to critical and strategic materials. I think you are looking for an answer and that is why I took this time.

Anything I can furnish you, I would be glad to do so.

I think you will have a great future. You look to me like the folks down there would like you.

Mr. EDMONDSON. Thank you, sir, I appreciate that.

Senator KERR (presiding). Thank you very much for your fine statement.

Congressman Bailey of West Virginia.

Congressman BAILEY. With the permission of the chairman, and in view of the late hour, I shall read my prepared statement at this time and appear later for questioning when the committee considers the bill and amendments in executive session.

(The statement follows:)

STATEMENT OF HON. CLEVELAND M. BAILEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. BAILEY. Mr. Chairman, members of the committee, for the purpose of the record, I am Cleveland M. Bailey, Representative in Congress from the Third District of West Virginia.

My purpose in appearing here today is to accomplish two things:

1. I want to protest the approval by your committee of the Randall Commission's report and recommendations which are embodied in House bill 1, now before your committee, providing a 3-year renewal of the present Trade Agreements Act with added far-reaching, dangerous, and questionable provisions.

2. I wish to discuss informally with the members of your committee 4 or 5 clarifying amendments to the escape-clause provisions of the bill which are found in sections 6 and 7 of H. R. 1, and which were written into Public Law 50, 81st Congress, in 1951, when the present act was extended.

I oppose this type legislation because:

1. It is economically unsound and arbitrary.
2. It breeds growing unemployment and unrest in certain areas.
3. It violates the spirit of our American idea of equality of treatment.
4. It makes American industry a pawn in the game of international politics.
5. It surrenders to the executive department the constitutional powers of the Congress to regulate tariffs and trade.
6. It raises a serious question of legality and constitutionality.

May I preface my remarks with this statement: I am not basically opposed to our reciprocal trade policies. I do have grave doubt as to its being a reciprocal trade program at present. What I have been opposed to over the past 10 years, since coming to Congress, is the lack of equality of treatment for all segments of our American producers.

There are two diametrically opposed points of view on President Eisenhower's tariff proposals which emanate from the Randall Commission.

One of these is that since we are going to give away some of our wealth to foreign countries anyhow, we might as well do it on an economic rather than an eleemosynary basis—this is just another way of saying "more trade and less aid."

The other point of view is that if you give him what he is asking certain American industries such as textiles, coal, electrical equipment, watches, bicycles, glassware, pottery, fisheries, and a hundred other well-established and basic domestic industries will have to be abandoned because they will have to compete in the American market with commodities that are made abroad with cheaper labor that can employ American capital.

This drive to lower tariffs is a greater threat to the economic and political stability of this country than any other danger confronting us from the outside world. It has within it all the seeds of self-deception, pollyanna welfarism, fear of communism, and unsound economic planning necessary to destroy our present standard of living.

The history of the tariff in the United States has, in the past, been principally the story of a conflict between manufactured goods and farm products, between the industrial East and the agricultural South and West. Today, that is not the conflict. The differences of view are between the great units of mass production—big business, as it is called—and the small manufacturer.

Big business is world conscious. It not only hopes to sell universally, but it manufactures in many countries. Its capital is not only locally invested; it is invested in many countries.

This is not true of the small manufacturer. He makes goods for a local market, whether that market is the United States or some region of the United States. He may or may not produce a superior product to one made elsewhere on earth, but he employs American labor, pays taxes not only to the Federal Government but locally, and his price is geared to the American standard of living. If our smaller manufacturers are driven out of existence as you propose to do by faulty economic policies, the social damage could be enormous.

Those who talk about a free market do make the point that if such American manufacturers cannot compete with foreign goods, they ought to go out of business, as an admission of their inefficiency. This position taken by the lobbyist, Mr. Charles P. Taft, has some virtue but when the Government subsidizes the export of American capital to manufacture competitive goods, the advantage to the American manufacturing abroad with cheaper labor and cheaper costs, all around, is so great as to be noncompetitive. A free market, Mr. Chairman, is only possible if there are no subsidies, no rebates, and no economic tricks.

In this struggle, big business may possibly win the immediate battle. It has utilized great persuasive forces to convince the American people that we ought to have a lower tariff, easier customs procedures, and now a rebate on taxes for investments abroad, a tax differential that benefits them tremendously. But this does not solve the social problem of unemployment in the United States and that will have to be solved because the unemployed vote in elections as well as the employed do, and their votes count for as much. In such a State as West Virginia, where residual oil is knocking down the coal industry, unemployment can develop into a major political issue as it already is an alarming economic and social problem.

The present tariff proposals are the most radical in our history. Neither President Roosevelt nor President Truman—both low-tariff men—dared politically to grant a subsidy for the export of capital. That has now been done and is before Congress for decision. Neither Roosevelt nor Truman dared politically to submit the Geneva Agreement on Tariffs and Trade to the Senate for its approval or disapproval. They knew full well that to do so would be asking the Congress to surrender its constitutional authority to control tariff and trade policies. Your committee might well remember what happened in the Congress when the International Labor Organization and the International Trade Organization were brought up.

It might be well for me to remind you, Mr. Chairman, that when the 81st Congress extended the Trade Agreements Act in 1951, the Senate wrote in language which the House approved. I quote from section 10 of Public Law 50, which reads as follows:

The enactment of this Act shall be construed to determine or indicate the approval or disapproval by the Congress of the Executive agreement known as the General Agreements on Tariffs and Trade.

In face of this statement of disapproval, it would appear that the new provisions contained in subsection A and B of section A of H. R. 1 are merely a trial balloon to see if the Congress is in a mood to later put its approval on the presently outlawed General Agreements on Tariffs and Trade, better known as GATT.

Now, let us see what we are proposing to do.

PROPOSED NEW GRANTS OF POWER

H. R. 1 would greatly widen the power of the President under the trade agreements program.

Heretofore his power was confined to adjusting the tariff up or down by 50 percent. Under H. R. 1, he would be authorized to make trade agreements that include provisions relating to import quotas, customs formalities, and to other matters relating to trade.

The executive branch (principally the State Department) could then enter into a trade agreement, such as GATT (General Agreement on Tariffs and Trade), to outlaw import quotas and to eliminate those already in effect. The question would not then be subject to congressional review because the necessary authority had already been granted under H. R. 1.

If there is any doubt in the mind of any Senator present today as to what the State Department has in mind, let me call your attention to a press release from Geneva, Switzerland, reporting the activities of the Geneva Convention (GATT) now in session.

The article appeared in the Washington Post and Times Herald under date of March 7—just a few days ago.

GATT RENEWS UNITED STATES CURBS ON FOOD IMPORTS

GENEVA, March 7.—The 34 member nations of the General Agreement on Tariffs and Trade have granted permission for the United States to continue to impose quantitative restrictions on certain agricultural imports, it was learned here today.

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 has 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.

It also was learned that Switzerland will seriously study this year the possibility of joining GATT. It is thought that Switzerland would try to join it if it can obtain protection for home agriculture similar to that granted to the United States.

A statement published here today revealed that the six nations of the European Coal-Steel Community intended to seek permanent recognition of organizations such as theirs in the revised GATT agreement.

Or the President could use present or prospective import quotas as a means of bargaining for trade concessions from other countries. He, or rather the State Department, for example, might agree to liberalize the import quota on cotton, wheat, wheat flour, or peanuts as a means

of increasing the market in Brazil, India, Canada, or elsewhere for our automobiles, machinery, packinghouse products, etc.

On the other hand, that Departmentt might agree not to impose a quota on particular items such as lead, zinc, fish or dairy products, oats, fuel oil, etc., in return for concessions that might improve our exports of other products to those countries.

It is true that the bill says that these provisions (relating to quotas, customs formalities, etc.) shall not be given an interpretation inconsistent with existing legislation; but aside from the Sugar Act there is no legislation that fixes quotas and there is none that says quotas cannot be outlawed.

The bill would give the President full power to make agreements on quotas as he liked, either to use them or not use them. There are no guideposts. He could tie the hands of Congress by agreeing to a ban on quotas. That would be with the permission of Congress itself if it enacts H. R. 1. Quota provisions could be put into trade agreements quite outside any present powers of the Tariff Commission and in disregard of section 22 of the Agricultural Adjustment Act.

The powers proposed in the bill over customs formalities would again invade the province of Congress. All that would be necessary would be to find an area in which Congress had not hitherto legislated. Then there would be no inconsistency with existing legislation. The powers of Congress to legislate could then be forestalled and the field preempted for executive agreements.

Then follows the provision that the President can make agreements containing provisions with respect to other matters relating to trade. This is a carte blanche bestowal of power and would represent a bowing out by Congress, an abject surrender of powers delegated by the Constitution (sec. 8).

The bill was not written on the Hill. It is the product of the Randall Commission staff and representatives of the various executive agencies that concern themselves with trade agreements. This was admitted by Mr. Dulles. I am sure the members of this committee who are members of the Randall Commission will concur.

But this is only part of the State Department plan. From 1945 to 1950 that Department sought to take this country into the International Trade Organization (ITO) which that Department itself conceived, nurtured, and fostered. When in 1950 the charter came before Congress it was flatly rejected. It came before the House Committee on Foreign Affairs where after hearings, it died in committee. The Senate Foreign Relations Committee did not even hold hearings. The fate in Congress sealed ITO's fate elsewhere, and it died.

The present bill, H. R. 1, together with the later-to-come GATT ratification proposal, are designed to pave the way for the resurrection of ITO.

It is contemplated that only the organizational features of GATT will be offered for ratification, after the revision of GATT now underway in Geneva, is completed. The resolution will call for approval by Congress of an international organization, a headquarters for it, a setup such as an assembly, a council and a secretariat, and a basis of financial support. It will all have a very innocent appearance. It may be named the Organization for Trade Cooperation.

The power and authority involved, so far as the United States is concerned, will be expected to be conferred on the President by H. R. 1. Armed with such powers, the Executive, through a trade agreement, could then lead us into the new International Trade Organization.

What failed of accomplishment in 1950 through the direct approach will have been gained by indirection.

Should this come to pass, the responsiveness of Congress to the electorate will have been destroyed in this field. Not only would it avail constituents, representatives of industry, agriculture, or labor, nothing to petition their Congressmen or Senators about tariff and trade matters; it would be quite useless even to petition the White House or the State Department.

The real seat of power would be Geneva, and the United States would have 1 vote out of about 35. A mere citizen of this country would be unable to present his case. He would not have access to the chambers where the power over our tariff and foreign trade would be lodged.

That is the plan. In this way it is sought to guarantee to other countries the stability they seek in our tariff administration. Retention of this power in Congress, where the Constitution placed it, would make such a guaranty useless and without effect. That is why, despite the Constitution, these broad Presidential powers are sought. The State Department could then gratify the expressed desires of other countries and offer them a stable tariff free from the uncertainty of congressional "tampering."

With grants of added power to the President in rate fixing, with lower import duties, the impact on domestic producers is sure to be severe. In this connection, may I suggest that the committee give serious thought to a proposal to clarify and strengthen the present escape clause in sections 6 and 7 of Public Law 50—the present act extending the agreements.

As the sponsor of the escape clause contained in the act of 1951, may I compliment the distinguished Senator from Colorado, a member of this committee, for his help in getting the escape clause approved.

I suggest 3 or 4 major changes in subsections B and C of section 7 that would afford added relief to American industries now being harassed by mounting imports to the point where many have been driven out of business or will be forced out by the terms of the legislation now before you for consideration.

PROPOSED ADDITIONS TO H. R. 1

1. Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is hereby amended to read as follows:

(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 any substantial subdivision thereof, or a decline in sales, an increase in imports over a representative period prior to the concession, or an increase in imports over any representative period after the concession, a higher or growing inventory, a decline in the proportion of the domestic market supplied by domestic producers, and higher domestic costs for labor and raw materials than those of foreign producers. When a 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 increased quantities, either actual or relative, the Tariff Commission shall consider such increased imports as the cause or threat of serious injury to the domestic industry or any substantial subdivision thereof producing like or directly competitive products, when it finds that such increased imports have been a substantial factor, although not the only factor, contributing to the serious injury to such industry.

2. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is hereby amended to read as follows:

(c) The findings of the Tariff Commission included in its report of its investigation and hearings shall be final as to the existence or threat of serious injury to the domestic industry, and upon receipt of such report, the President, unless he finds that the recommended remedy, if proclaimed, would seriously impair the national security, shall make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry. If the President does not take such action within sixty days he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he had not made such adjustments or modifications, or imposed such quotas.

The proposed additions to H. R. 1 which I suggest are designed to accomplish the following five objectives:

1. To make the finding of the Tariff Commission as to the existence of serious injury to the domestic industry final and binding on the President, and to permit the President to reject the recommendations of the Commission only for reasons of the national interest.

What I seek to do in subsection C is to deny the President the power to circumvent the findings of the Tariff Commission. The report of the Commission issued January 1, 1955, shows 12 cases in which the Commission, by a majority vote, ordered the import rates increased as the result of hearings to prove injury.

Seven of these cases were nullified by the President who, through the advice of the State Department or the Committee for Reciprocity Information, came up with additional findings of fact not considered by the Commission as a basis for killing the Commission's findings.

The Congress never gave the President this authority. Here is the basic issue that confronts us. Shall we retain in the Congress and the Tariff Commission the constitutional authority given the Congress or shall we surrender this power to adjust matters of tariff and trade to the executive department?

Here is an example of how this self-assumed authority works:

SILK SCARF CASE

This case docketed as investigation No. 19, under section 7 of the Trade Agreements Act, 1951.

Application dated April 14, 1952.

Application instituted August 15, 1952.

Hearing date: February 24 to 27, 1953.

Decision issued April 13, 1953.

NOTE.—The decision by the Commission was unanimous and recommended increased import rates, lifting the ad valorem duty from 32½ to 65 cents.

The President on June 10, 1953, asked for a delay and also requested additional information and study.

August 6, 1954, 13 months later, the second report went to the President. This, too, was unanimous.

December 23, 1954: President held he could find no basis of injury.

The irony of it all is that the delay from April 1952 to August 6, 1954, caused 11 of the 13 producers to close their plants. The other two also closed down in the period August 6, 1954, and the date the President made his ruling.

I submit, gentlemen, there could be no greater travesty on our boasted American procedures.

Call attention to activities of the President's Cabinet Committee. It has no legal status; neither does the Committee for Reciprocity Information have legal sanctions.

2. To make clear to the Tariff Commission the intent of the Congress as to what constitutes a domestic industry, one of the major changes I suggest in amending subsection B of section 7 of Public Law 50 is to clarify the intent of Congress as to the phrase "domestic industry."

The Commission has in several of its rulings denied claims of injury on the ground that, while they were operating at a loss in the sale of one article that was injured by foreign imports, they were producing other articles not in competition with foreign imports on which they were making a profit that wiped out their loss.

The change makes it clear that the Congress meant domestic industry or a substantial branch of the particular industry.

3. To require the Tariff Commission, in arriving at a determination as to whether imports have increased to take into consideration a comparison of the current rate of imports with the rate during a representative period both prior to and subsequent to the concession.

This change has to do with a comparison of imports as a basis of proving injury. The need for a change here is best illustrated by the case of the clothespin industry, which was denied relief on the ground that current imports were not excessive when compared to imports in a base period selected by the Commission.

You gentlemen are aware that during World War II there was a freeze order on highly tempered steel wire. All the supply was seized for the war effort and American producers could not make this type of steel spring pins.

At that time we had a trade agreement with Mexico (now canceled) and some individuals interested in making some fast dollars built a clothespin plant in Mexico. During the years 1945 and 1946 they imported approximately 3 million gross of pins annually. This was far in excess of what was then being imported from Sweden and Denmark.

The Commission used this abnormal Mexican period to prove current imports from Sweden and Denmark were not excessive.

The proposed change would require the Commission to use a base period both before the concession was granted as well as a base period subsequent to the granting of the concession.

4. To require the Tariff Commission to find the existence of serious injury or a threat of serious injury when it finds that increased imports have been a substantial factor, although not the only factor contributing to the injury.

This next change would make it mandatory on the Commission to consider all the factors enumerated in the escape clause. Several of their rulings have been based on one particular factor in total disregard to other factors where injury existed, and was so indicated by the hearings. This correction is necessary unless you want the Tariff Commission's proceedings to continue to be more or less a joke and certainly meaningless.

5. To require the Tariff Commission, in arriving at a determination as to the existence of injury, to consider, among other things, higher domestic costs for labor and raw materials than those of foreign producers.

Practically every witness that has testified before your committee in the current hearings has complained bitterly over the difference in wage levels here and abroad and even the difference in cost of raw materials and working conditions.

The Tariff Commission makes every domestic producer who requests a hearing to give a detailed report on their fiscal affairs such as gross receipts, operating expense, net profits, and taxes. They do not require this information from importing firms or the foreign producer. They have no basis of comparison.

The need for this amendment is best pinpointed by an incident that occurred at a recent hearing before the Commission when I produced proof, through correspondence with the American Embassy at Copenhagen, Denmark, that one of the large firms importing clothespins from Denmark had no clothespin plant. They were buying on contract the clothespins made in Danish prisons and shipping them into this country under the trade agreement. I submit, gentlemen, there is little, if any, difference between products of prison labor and products of slave labor.

In general, these additions are designed to spell out in the act the intent which Congress had in enacting sections 6 and 7 of the Trade Agreements Extension Act of 1951. They do not in any way curtail or reduce the powers of the President under the act, as extended by H. R. 1. They merely recognize the fact that the escape-clause provisions of such act have been interpreted in a manner inconsistent with the intent of Congress, and revise the language of these provisions so as to clarify such intent.

Acceptance by the committee of these suggestions changes will go a long way toward setting up proper safeguards for the great mass of American producers who today face loss of their industry, loss of profits, and increased unemployment.

In conclusion, may I call the attention of the committee to the Neely amendment to H. R. 1 that is cosponsored by 16 other Senators, which will place an import quota on shipments of crude and residual oil from Venezuela and the Far East. This is necessary if the independent oil industry and the coal industry, both vital to national defense and to the economy of my State, are to survive.

There is also merit in the proposal of Senator Payne, of Maine, and another suggestion made to your committee by Congressman Curtis, should receive your serious consideration.

The rising tide of sentiment against this one-way street trade policy as indicated by the recent House battle, should be a safe guide to you gentlemen.

Senator MALONE. I know that is a fine thing to do but we do have about 5 minutes here before 1 o'clock and you have been recessing at 1 o'clock for lunch.

Senator KERR. Thank you very much, Congressman.

The committee will recess until 10 o'clock tomorrow morning when we will hear the Secretary of State.

(Whereupon at 12:55 p. m. the committee adjourned, to reconvene at 10 a. m. the following morning.)

TRADE AGREEMENTS EXTENSION

WEDNESDAY, MARCH 23, 1955

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10 a. m., in room 312, Senate Office Building, Senator J. Allen Frear, presiding in the absence of the chairman.

Present: Senators Frear, Kerr, Long, Johnson (Texas), Barkley, Byrd (Chairman), Martin (Pennsylvania), Flanders, and Malone.

Also present: Elizabeth B. Springer, chief clerk.

Senator FREAR. The committee will come to order. The chairman of the Committee is necessarily absent this morning as he is attending the conference meeting on the Tax Rate Extension Act. We are honored to again have the Secretary of State before us today. Mr. Secretary, will you take the stand? We shall resume the questioning.

Senator Malone, I believe it was your turn to question the Secretary.

(The first part of the testimony of the Secretary of State, which was on Monday, March 14, appears in part 2 of the hearings.)

STATEMENT OF HON. JOHN FOSTER DULLES, SECRETARY OF STATE; ACCOMPANIED BY THORSTEN KALIJARVI, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; AND CARL D. CORSE, CHIEF, DIVISION OF TRADE AGREEMENTS AND TREATIES—Continued

Senator MALONE. Mr. Secretary, we are glad to see you. You have been pretty busy in the last few months, keeping everybody pacified, haven't you, Secretary Dulles?

Secretary DULLES. I have been pretty busy the last 2 years.

Senator MALONE. Well, you have had training for that.

Secretary DULLES. I have been busy all my life.

Senator MALONE. I was very much interested in your testimony on your first appearance after I became a member of the committee because I think you made a good witness, an honest witness and really put the committee in a position to judge the legislation. You do not dodge anything. One of the things here it is always hard to get people to face the realistic, but I want to congratulate you on the fact that you did face it.

Secretary DULLES. Thank you.

Senator MALONE. Mr. Secretary, there really is not very much more that you could clarify. You have a new organization now—let us see what do we call this new organization that has just been formed over in Geneva and which we signed, I guess through Mr. Waugh.

Secretary DULLES. Yes.

Senator MALONE. What is that organization?

Secretary DULLES. It is called the Organization for Trade Cooperation.

Senator MALONE. In what way does that differ from the Geneva Agreement on Tariffs and Trade that we have had for so long?

Secretary DULLES. It does not differ from that materially. In the past you have had combined in one document, as I understand it, or in one set of documents, the rules of trade, the good trade practice rules, which are designed to make possible the effective implementation of tariff arrangements and then the organizational features. They have all been, so to speak, mixed up together. At the present time an effort was made to segregate the two. The development of the so-called Organization for Trade Cooperation involves the separation out of what used to be a single set of instruments of those provisions that pertained just to the organizational features as distinguished from the trade practice rules.

Senator MALONE. The organizational features as I understand them will be the only factor in connection with this organization that the Congress will be asked to approve? Is that right?

Secretary DULLES. The plan at the present time is to transmit that to the Congress with a message perhaps within the next 10 days or 2 weeks.

Senator MALONE. That is the organizational features?

Secretary DULLES. Yes, sir.

Senator MALONE. The organizational features would include what, Mr. Secretary? Would that include the mode of setting it up and congressional approval of it? Just what indicates the organization itself, and how it is to operate?

Secretary DULLES. That is correct.

Senator MALONE. How many nations are in that organization now?

Secretary DULLES. I think about 34.

Senator MALONE. Thirty-four nations. What other nations are eligible for membership? How many more?

Secretary DULLES. I suppose most nations are eligible for membership except we would not consider, in the case of new countries, that the so-called Iron Curtain countries should be members but that the so-called free countries would be.

Senator MALONE. All except the Iron Curtain countries and Russia, itself?

Secretary DULLES. Yes. Russia and the satellite countries and Communist China.

Senator MALONE. They would be excluded?

Secretary DULLES. Yes, for all practical purposes.

Senator MALONE. Any nation that indicates through its action that it was joining up with the Iron Curtain countries, Russia and Communist China—how would you get rid of them if they were already members?

Secretary DULLES. I do not know. What we might do, if a nation that already had a membership fell behind the Iron Curtain, and if we consider it in our interest, we might get out ourselves, I believe. Perhaps other countries would go out with us and form a new organization which would eliminate it.

Senator MALONE. On the order of the U. N.?

Secretary DULLES. A more exact parallel is what we have done with the so-called World Court, which had some members in it that we did not like, so we formed a new World Court and left them out.

Senator MALONE. In other words, if they took China into the U. N. under any pretext, which many of us think they will eventually do over the protest of a large number of people here, then our only alternative would be to leave the U. N. It would just be one of those things?

Secretary DULLES. If the Chinese Communists came in, we would have the option of getting out.

Senator MALONE. I think I did make the suggestion that we just give them our place if they insisted on taking them in.

In the organizational features of this organization it is not intended to submit to Congress any of the actions of this organization? That is to say, only the organizational features as to the manner of setting it up, but not the multilateral or other trade agreements that they make among the member nations?

Secretary DULLES. That is correct.

Senator MALONE. And if Congress approved this organization, would Congress have any control under the 1934 Trade Agreements Act as it was originally passed or since amended or under H. R. 1, over what it might do in the way of arranging multilateral and other types of trade treaties?

Secretary DULLES. Yes; it would have control to the extent that the authority of the United States in the premises would be limited by the authority delegated by the Congress under H. R. 1, or now under the present act.

Senator MALONE. What would be those limitations? What are those limitations?

Secretary DULLES. The duties cannot be reduced, for example, under H. R. 1, more than 15 percent of the present duty in a ratio of 5-percent reduction for each of the 3 years. The provision in the Agricultural Act that we must have the right to impose restrictions in the form of duty or in quotas upon the importation of agricultural products if they are the subject of a sustaining program by the United States and general provisions of that order.

Senator MALONE. But within the limits of the 1934 Trade Agreements Act, as amended, if extended here for 3 years or 2 years or 1 year, within that limit, anything they do is then not subject to any check by Congress?

Secretary DULLES. The organization is not an entity which takes action in which it imposes new obligations upon any country. The organization provides in essence a forum, a place for negotiations. Those negotiations would all take place within the limits of the discretion granted by Congress under the Trade Agreements Act.

What each nation does is done within the contention of the authority which the Executive has. In our case that authority would be the authority which is divided between the Trade Agreements Act and other relevant acts.

Senator MALONE. Well, then, who must approve what they do to make that effective?

Secretary DULLES. As far as the United States is concerned, the President.

Senator MALONE. But if the President approves, without further ado or reference, their action does become effective if taken within the limits of the authority granted by Congress?

Secretary DULLES. Yes.

Senator MALONE. I was particularly interested, Mr. Secretary, in your frankness in explaining the latitude under this bill. As I understood your testimony, you are under the impression and you so interpret it—and I believe you to be entirely correct—that the position of the United States is strengthened by it. You have some authority for that through coordination of domestic industries, agriculture and manufacturing and mining, and so on. If you believe the coordination of these domestic industries is furthered, or if you believe that an important international situation is involved that would prove to be an overall strengthening of the United States position then you have the authority under the 1934 Trade Agreements Act, as amended, to make any trade agreements within the limit set down by Congress. That includes lowering duties on any particular product that you think might result in additional markets for certain nations or areas, thereby strengthening us through friendship, or to increase our exports in another important category? Is that what I understood you to say?

Secretary DULLES. Substantially so. When you say "you", I assume you are referring to the President.

Senator MALONE. I refer to the President, knowing full well of course that it is generally understood the President leans heavily on the State Department. That is true, is it not?

Secretary DULLES. He takes the advice of a whole series of departments. He takes the views and advice of the State Department, or better he listens to the advice from the State Department particularly in relation to the international aspects of the case. He listens to other department heads with relation to the domestic aspects of the case. Then he makes the decision.

Senator MALONE. Yes. I suppose that to be the case because of the importance that has been put on international affairs, to keep the peace and to hold the allies or gain prospective allies, and that being your field mostly, I suppose the emphasis and the publicity has been mostly in your direction. But in any case, if he believes an overall strengthening of the United States could result, then he could do that very thing. He could rearrange the imports of one industry hoping that that might result in more exports in another industry but even if it did not and it would strengthen us internationally, or in the long run be of benefit to the United States, then you could make the trade?

Secretary DULLES. If he believes within the authority of the act he could take action which on an overall basis could benefit the United States, he would certainly have authority to do it.

Senator MALONE. Then I am sure we agree—it is just a matter of careful answers—and I am not trying to trap you into any answer under that.

Secretary DULLES. I undertsand that.

Senator MALONE. I only wanted to understand that and I think you have been very frank. He can make any trade he wants to within the limits of the act that he thinks will result in an overall strengthening of the United States of America.

Secretary DULLES. I think that is a fair statement.

Senator MALONE. That is correct.

Secretary DULLES. I think that is a fair statement, yes.

Senator MALONE. That is, regardless of any result that might to a certain extent weaken any certain industry here and whether it might strengthen another industry. He could make that arrangement?

Secretary DULLES. Yes, sir.

Senator MALONE. Mr. Waugh appeared before another committee of the Senate and you did, yourself, in an executive session of the Subcommittee on Minerals, Materials, and Fuels of the Senate Insular Affairs Committee and both of you made good witnesses there.

Mr. Waugh and Mr. Randall and other representatives from State and other departments have spent considerable time in Geneva recently, have then not?

Secretary DULLES. I know that Mr. Waugh has been there off and on. There have been representatives of our Government there more or less continuously for the last 3 months, I think. Mr. Waugh has not, himself, been there all the time.

Senator MALONE. The job there was to arrange this new organization to take over the work of what is generally known as GATT, General Agreement on Tariffs and Trade, is that not correct?

Secretary DULLES. The developing of the plan for this organization and the working out of the new trade rules so to speak, were the principal topic of their efforts, yes.

Senator MALONE. While they were doing that, there has been considerable discussion on the initial trade agreements themselves, between nations hasn't there, a sort of meeting of the minds as to what might be done under this new organization?

Secretary DULLES. As far as I am aware the principal purpose was not the discussion of any particular tariff negotiations or new tariff concessions or anything of that sort. The principal topic that at least came to my attention if you wish me to develop it——

Senator MALONE. Yes.

Secretary DULLES. Was the question of the so-called waiver which would permit of the operation of section 22 of the Agricultural Act which I referred to above, which permits us to impose restrictions, either in the form of a duty or of quotas upon imports of agricultural products which are the subject of the sustaining program by the United States. That was called for by the Agricultural Act but so far has not been permissible in a general way under the GATT rules. We felt that it was quite important that there should be a general acceptance of that formula so that we could more easily proceed with other negotiations and after a very considerable difficulty, there was general agreement to a so-called waiver which would permit of the operation of this section 22 of the Agricultural Act. That was a very difficult piece of negotiation which was succesfully concluded.

Senator MALONE. And in return for that, or not exactly in return for that, I guess, because you had already agreed that other nations had difficulty with currency convertibility and imbalance of trade and could use certain exchange permits and import permits and various other factors to tend to take care of themselves in these emergencies.

You had already agreed to that under the General Agreement on Tariffs and Trade; had you not?

Secretary DULLES. Yes; I think you said in their own estimation. My recollection is that there had to be a judgment that was concurred in by the International Monetary Fund. But subject to that, we did recognize, I think, in the GATT rules that countries which did not have the foreign exchange with which to buy imports from certain countries would be entitled to put restrictions on to protect their foreign exchange position. They could then use their scarce foreign exchange for necessities.

Senator MALONE. I guess they have had no trouble with it—what is this fund——

Secretary DULLES. International Monetary Fund.

Senator MALONE. I guess they have had no real trouble in that regard because practically all of them, as a matter of fact, practice the exchange controls. That is, if you want to sell something there, you have to get a permit from the proper authorities to get the exchange to buy the article it is intended to import. That is true; is it not?

Secretary DULLES. That is true in many countries; yes.

Senator MALONE. Is it not true in practically all of them, maybe with the exception of 2 or 3? I am not so sure but what they all practice the exchange. They practice the import permits; do they not?

Secretary DULLES. I will not say, I would not be in a position to give you the present number of countries on the two sides who do have these restrictions. A great many of them do have: certainly.

Senator MALONE. Is it not a fact, if you know or if any of your people who are with you here know, that practically all of them use it, to a great or less extent?

Secretary DULLES. I think most of them do; yes, sir.

Senator MALONE. You had all the trouble in getting the same permission, that is to say, to manipulate your own exports so that you were really paying a part of the support price for your grains and selling it on a world price. You had all the difficulty getting them to agree that you might do that. Is that what you mean for one thing?

Secretary DULLES. We had difficulty getting them to agree that we would have the right to put quotas or our duties upon imports of agricultural products if we felt that that was necessary in the interest of sustaining a domestic agricultural program but we succeeded in getting their agreement.

Senator MALONE. I see an AP dispatch which says:

Clarence D. Howe, Minister of Trade, criticized today the waiver rights on foreign imports granted to the United States under the revised tariffs and trade agreements. This is a regrettable incident in the commercial relations between Canada and the United States but its importance should not be exaggerated.

In other words, that was the general reaction when they allowed the United States that latitude; wasn't it? That is a dispatch of March 22.

Secretary DULLES. The Canadians felt more strongly about it than most of the other countries. They were the leaders, so to speak, of the opposition because of their own agricultural export situation. I would say that most of the countries did not feel as strongly as that. Of course, none of them liked it but they took it.

Senator MALONE. I have seen a Wall Street dispatch, I forget the date now, but I will get it for the reporter or insert it in the final rec-

ord—that stated it was made a matter of record here that practically all of the nations at the Geneva Conference were having—I think some of them called it joshingly—fun at the expense of the United States because we had come in and asked for the very thing we had objected to their having in the first instance and that weakened our position. I think they put it that way. I suppose it did to a certain extent.

Would you agree with what they had to say in that regard?

Secretary DULLES. Yes. I think they felt that it represented to some extent a backward step in the terms of the general program of trying to diminish the barriers of trade. They felt this was a barrier to trade rather than taking one down.

Senator MALONE. What is your personal opinion of it, yourself?

Secretary DULLES. I supported it quite strongly at the time when a high-powered ministerial mission came down from Canada and talked over the matter with us. I was the spokesman at that meeting for the United States Government and I urged upon the Canadians very strongly the acceptance of this so-called waiver.

Senator MALONE. Your supported it because it is the law of the land. Congress passed the law here. But what would your advice have been to Congress in this regard—your personal feelings in that matter, what would they have been?

Secretary DULLES. That is a matter here where I have no clear personal opinion, direct personal opinion, because it involves a knowledge of our domestic agricultural programs and that is a very complicated subject. I have enough complicated subjects to deal with in the field of foreign relations so I have to take the judgment of other people on that point. Secretary Benson was of the opinion that it was quite essential to get that and that was good enough for me. So I followed down that line.

Senator MALONE. But you do consider it a backward step?

Secretary DULLES. No. I said the other countries considered it a backward step.

Senator MALONE. This is a dispatch from the New York Times, March 21, from Geneva—the other dispatch I read from was a Washington dispatch.

Mr. Waugh also signed a protocol establishing the Organization for Trade Cooperation. He made it clear that the President, through it, was not committing the United States Government to the Trade Cooperation Organization to the same extent as was done in signing the documents relating to the Geneva Agreement.

Does he mean Geneva agreement or tariffs and trade there?

Secretary DULLES. Yes.

Senator MALONE. In other words, the State Department had committed the United States to the General Agreement on Tariffs and Trade when they signed that document in 1947?

Secretary DULLES. Yes.

Senator MALONE. But at this juncture they made no attempt? Then we are committed to the General Agreement on Tariffs and Trade right now, aren't we?

Secretary DULLES. Yes.

Senator MALONE. But in changing over Mr. Waugh—and of course, as your representative he signed for you—did not attempt to bind the United States to the same extent that you had bound the United

States in signing the General Agreements on Tariffs and Trade at Geneva in 1947?

Secretary DULLES. That is correct.

Senator MALONE. And you do intend to put this document before the Congress?

Secretary DULLES. The President intends to transmit it with a message to Congress in the near future.

Senator MALONE. This is because the President has full powers under the 1934 Trade Agreements Act to commit the United States to a trade agreement. In other words, you consider you do not need to be committed to the organizational part of it, and you can submit that to Congress. Whether they adopt it or not, the President still has all the authority he needs to approve a trade agreement. The only thing you are trying to do or one of the things you are trying to do, as I understand this new Organization for Trade Cooperation, is to simplify the whole operation?

Secretary DULLES. Yes.

Senator MALONE. So that is the reason that you are putting before the Congress the organizational features only, so that if the Congress approves the organizational features, it is not necessary for them to approve the trade agreements they make because the President already has that authority?

Secretary DULLES. The President, in relation to the so-called rules of the trade—trade agreements rules—is exercising power which the Congress has already delegated to him, therefore it is not necessary to bring it back to the Congress.

However, as far as the organizational features are concerned, the President decided that it would be appropriate to bring that to the Congress, of the fact that there might be at least some doubt as to whether or not there was delegated authority in that respect and he would prefer to resolve the doubt in favor of submitting this to the Congress.

Senator MALONE. Wouldn't that be a relatively simple or unimportant thing? In other words, you are operating under the General Agreements on Tariffs and Trade organization and we are committed to whatever they do. That is to say, they can make these multilateral trade agreements and we are committed.

And in any case the President has full authority to approve the trade agreements they make and would have full authority to approve any agreement that the new organization might make regardless of whether Congress approves the organizational facilities or not?

Secretary DULLES. You see, the organization does not negotiate these trade agreements. The member countries make the trade agreements, so that—I think you said the organization made the agreements. That would not be quite accurate. It is only the member countries that negotiate the agreements.

Senator MALONE. Of course. But it would be like an association of organizations. It would be a technical matter whether you said the organization made it or the members made it, but it is made under the auspices of the organization?

Secretary DULLES. Yes, it is made under the auspices of the organization.

Senator MALONE. The organization—the president or secretary of the organization, could not make these agreements without the signatures of all the members, but it would be just a technicality as to whether the organization makes them or the members make them. It is understood the members would have to agree in any case.

Secretary DULLES. I think, perhaps, it would be more than a technicality, although that may be a matter of judgment. The fact is that as far as the United States is concerned, nothing happens that is not negotiated by and agreed to by the United States.

Senator MALONE. Suppose a trade treaty were negotiated by, and agreed to by the organization—let us just put it technically—meaning by the organization, the hired hands of the administration. You have technicians with this organization, do you not—a secretary and technicians like we have for this Senate Finance Committee? If we want to know what effect a certain amendment has on an income tax we have experts here who can soon figure out. You have that type of expert with the organization itself, do you not?

Secretary DULLES. I do not think that we have any experts with the organization. Our experts are all our own.

Senator MALONE. But doesn't the organization itself have more than just a secretary and a chairman? Don't they have permanent employees?

Secretary DULLES. Very few.

Senator MALONE. But employees who do understand the technique?

Secretary DULLES. The principal function of the organization is to check up on whether or not the countries who had made trade agreements do, in fact, abide by the rules? If, for example, a country having made a multilateral tariff agreement under the GATT rules should later on nullify its tariff concessions through imposing domestic duties which in effect was the equivalent of an import duty, then they would call attention to that and try to get the government which had departed from the rules to correct itself. But its function is primarily, it might be called, supervisory, and it does not itself initiate substantive negotiations.

Senator MALONE. Let me put the facts in a different way. You and I both know how organizations function. You have people who are trained, second- or third-echelon people in your own Department, whom you depend upon to put things in front of you when you could not possibly work out the details for yourself. If these men work out a trade agreement within the General Agreements on Tariffs and Trade and your people looked it over and said it was satisfactory and you signed it, that would be the same as if you had assisted in working out the details, would it not?

Secretary DULLES. No; we would never do it that way. Whenever it comes to negotiating a multilateral tariff agreement, that is done entirely by our own people and there is no initiative in that matter at all by the organization.

Senator MALONE. The organization, then, is a supervisory organization?

Secretary DULLES. Yes, sir.

Senator MALONE. Is that all this new one would be, a supervisory organization?

Secretary DULLES. Yes.

Senator MALONE. To close that other question, then, if one or more of your people sit in on this multilateral or direct trade agreement with any other nation, of course any agreement you make with one nation you still have the——

Secretary DULLES. Most-favored-nation clause.

Senator MALONE. Most-favored-nation clause, do you not?

Secretary DULLES. Yes.

Senator MALONE. If you make a trade agreement with one nation then all other nations in the organization have the same privileges, too, do they not?

Secretary DULLES. Yes.

Senator MALONE. Benefit in the same way?

Secretary DULLES. Yes.

Senator MALONE. So as a matter of fact, if one or more of your men sits in and they make this trade agreement, I suppose they communicate with you before they actually sign it, or whatever the procedure might be, and it is signed then under the auspices of this General Agreement on Tariffs and Trade, would it be final?

Secretary DULLES. Yes, within the limits of the President's authority, of course.

Senator MALONE. Of course, we just understand you would not step out of authority?

Secretary DULLES. Yes.

I might make one other addition to your point. It is not to be assumed that this is just a State Department matter. You understand on these negotiations there are other agencies of the Government which participate actively.

Senator MALONE. I think they were named here. The Department of Commerce and 4 or 5——

Secretary DULLES. Departments of Commerce, Agriculture, Defense, Treasury, FOA, Interior, and Labor.

Senator MALONE. Yes. Well, when they are all satisfied with whatever your technicians have worked out, and your representative and you are satisfied here, then if you sign it, it becomes final?

Secretary DULLES. Yes.

Senator MALONE. Within the limits of course of the authority of the act. The New York Times dispatch from Geneva on March 21 goes on to say:

The agreement for the establishment of the Organization for Trade Cooperation was published here today along with the other documents emerging from the recent conference.

You say that conference had lasted for several months, 2 or 3 months or more.

The organization would be comparatively simple, consisting of a secretariat, an executive committee of 17 members, and an assembly that would consist of all the governments adhering to the general agreement.

They would all be represented in the assembly, but the 17 members would be an executive committee. How would that executive committee be chosen?

Secretary DULLES. I cannot answer that one. I have not myself had the time to study the terms of that agreement. It only reached the Department recently. I say they will be the subject of a special message by the President. I presume there will be special hearings, and I would like to be excused from going into that at this particular

time, if I may. I do not want to anticipate the President's message.

Senator MALONE. All right. I thought you might know, and I suppose the executive committee would be chosen just like any other organization?

Secretary DULLES. By votes.

Senator MALONE. It says:

> Other governments could become associate members of the organization, but without the right to vote on matters interpreting administration or interpretations of the tariffs and trade agreement.

Anything beyond this 34 original members could become associate members but could go no further?

Secretary DULLES. I must say—I am sorry to say I would have to be excused from answering questions about that organization, because I have not studied it, and it will be the subject of a special message, and I may be down here before you again when the President has transmitted it.

Senator MALONE. Do your assistants here with you today know about that part of it?

Secretary DULLES. They probaby would, but I do not know whether it is proper for me or for them to anticipate the action of the President. The matter is not officially yet before the Senate and it will be shortly.

Senator MALONE. I think you are right. I was just trying to develop the organization. I am sorry I do not have the details here, but I think that I do have them in my office.

Reading further from the dispatch about the organization, there are two important points that appeared clearly in the text. The first is that it is designed to deal with disputes or complaints made by one government against another for violations of the general agreement rule.

> The second is that provisions for the implementation of the organizational agreement are such that the organization will not be established unless the United States joins them.

This second point is what leads all who have participated in the foreign nations organization to emphasize that there is a take-it or leave-it proposition. They believe that either the United States will join this system or there will be no effective world trading system devoted to the maintenance of order in the world trade.

> Other governments have made it clear that should the United States not come in wholeheartedly with congressional backing, they would consider its formal adherence to the tariffs and trade agreement as offering no real assurance against the arbitrary and unilateral changes in tariffs and other aspects of trade policies.

Is it your idea, Mr. Secretary, that if Congress approves this organization, then we are bound as to whatever it may do?

Secretary DULLES. We become members of the organization subject always to the right to resign and retire from it. The same way with congressional approval, we are members of the so-called World Bank, the monetary funds, ILO, and a number of these organizations. We join them with the approval of the Congress. We remain members subject to the right to withdraw which is always explicit or implicit in these organizations. As to the second question whether we are bound by what we do, as I indicated earlier, we are only bound to the extent that we independently bind ourselves.

Senator MALONE. However, under the auspices of this organization—it is arranged through the President's advisers—an agreement is signed and we are bound by it regardless of what it is.

Secretary DULLES. If we sign it, we are bound by it; yes.

Senator MALONE. How would we get out of the organization? What is the procedure to get out of it?

Secretary DULLES. Again I just cannot answer that here.

Senator MALONE. If we were accused of violating any part of the trade agreement through the use of quotas or through manipulation of our money, which we have not resorted to, though nearly 100 percent of the other countries have, we could be called before this body?

Securetary DULLES. Yes.

Senator MALONE. We would have to make a case as before any court in defense of our action?

Secretary DULLES. Yes.

Senator MALONE. Mr. Secretary, you believe that in order to further our international relations, Congress should extend this act and leave to the Chief Executive entirely the decision on the trade agreements that might be advantageous to the country within the limits of the act. You do believe that Congress should transfer for another 3 years the authority to do just that, to make the agreements?

Secretary DULLES. I believe so with deep conviction.

Senator MALONE. Now, Mr. Secretary—by the way, what was the time that you were a member of the Senate?

Secretary DULLES. 1949.

Senator MALONE. 1949?

Secretary DULLES. Yes.

Senator MALONE. In 1949. I think, then, you were a member of the Senate when I discussed this affair at some length between May 27 and 31 on the floor of the Senate. I outlined Mr. Willard H. Thorpe's testimony. He was Assistant Secretary of State.

Secretary DULLES Yes; I think so.

Senator MALONE. Mr. Acheson was Secretary of State.

Secretary DULLES. Yes.

Senator MALONE. Later you became Assistant Secretary of State under Mr. Acheson.

Secretary DULLES. No.

Senator MALONE. What was your position?

Secretary DULLES. I was designated as Special Representative of the President to negotiate the Japanese Peace Treaty and related treaties. I never had any general office under the prior administration.

Senator MALONE. I note here on that date, late in May, Willard H. Thorpe, Assistant Secretary of State, testified before the Senate Finance Committee for the extension of the 1934 Trade Agreements Act on January 24 of that year, and he said that—

No. 1, the trade-agreement program is an integral part of our overall program for world economic recovery.

2. The European recovery program, Marshall plan, extends immediate assistance on a short-term basis to put the European countries back on their feet.

3. The International Trade Organization, upon which Congress will soon be asked to take favorable action, provides a long-term mechanism by which all countries' commercial policies in the broadest sense of the term may be tested and guided in conformity with the pattern which will maximize trade and minimize friction arising out of expectations.

The ITO, International Trade Organization, was turned down by Congress, as you will remember, but now this new organization would take the place of No. 3. Do you agree with Mr. Thorpe that that about summarizes what the whole objective was and is; to use what now would be the FOA to assist these countries in a temporary way and use the trade-agreements plan to bring about a more evenly distributed trade and to help them in their economic recovery? Then we will say the organization for trade cooperation in a way would establish a permanent organization that would replace or perform the offices of what was originally intended for the International Trade Organization, so that the three parts of the program are now anticipated to be about the same as it was then?

Secretary DULLES. First, you asked me whether I agreed with what Mr. Thorpe said. I never like to express my views in terms of adopting somebody else's language. I prefer to use my own language.

Senator MALONE. You are at liberty to do that. I wanted to bring up the subject to see what the real all-out plan is.

Secretary DULLES. Certainly the ITO, that was a much more ambitious and elaborate plan than is now represented by the GATT. I think it went into all sorts of things about labor conditions and matters of that sort. GATT represents a small fraction of what was contemplated by the ITO.

Senator MALONE. But it does furnish a permanent organization, if approved by Congress, under the auspices of which the nations can gather and perform their negotiations toward trade agreements to bring about the very objectives that you and I have already discussed here.

Secretary DULLES. Yes.

Senator MALONE. And in that regard and in that field, it would replace what they had anticipated under the ITO without the trimmings and you might say additional and extraneous subjects attached to it.

Secretary DULLES. Yes; that is generally correct.

Senator MALONE. So that, after all, Mr. Thorpe's version of the thing, using the International Trade Organization because it was the only organization that he had at the time that was either before Congress, or as he says on which Congress would soon be asked to take favorable action. There was no other organization to take the place of that third part of the program. So he used the International Trade Organization.

Now you use the—pardon me if I have a little difficulty in remembering this new one—Organization for Trade Cooperation. It really would take the place of that third step of a continuing organization, if Congress approves it.

Secretary DULLES. If you approve this Organization for Trade Cooperation, that would be putting on a more or less permanent basis the existence of an organization which is designed to establish, on a multilateral basis, sound trade practices.

Senator MALONE. And what the President said in his address on the 22d of March to the Businessmen's Advisory Council. He warned:

It would be fatal in my opinion here at home to allow the cumulative minor objections of each district or each industry to block an economic union of the free world.

Do you agree with me, that he had reference to the various amendments that have been offered to the bill, like quotas on oil and compensation for other industries that might endanger the adoption of H. R. 1?

Secretary DULLES. I do not like to speculate on what is in the President's mind. I think we can each of us draw our own conclusions.

Senator MALONE. I will read it again:

It would be fatal in my opinion here at home to allow the cumulative minor objections of each district or of each industry to block an economic union of the free world.

I suppose that could only be interpreted to mean the various objections and fears on the part of individual industries and labor organizations here and their objections to H. R. 1 unless their own particular amendment was adopted. You would not like to comment on that, would you?

Secretary DULLES. The President is my Chief and I do not think it is proper for me to try to comment on, to enlarge or elaborate on what he says.

Senator MALONE. We will let that lie. As you know, I would not knowingly say anything that would reflect against him in any way.

I think he is very conscientious in anything he suggests.

He said furthermore in this same dispatch:

A more liberal trade policy to be proposed to Congress is basically for the enlightened civil interests of the United States. The bill has cleared the House but faces a tough battle in the Senate. Unless we make it possible—

he said—

through enlightened modes for the free world to trade more freely among the several parts of the free world, we are not going to win the ideological battle.

Without commenting on what he said, do you agree with that sentiment?

Secretary DULLES. I do.

Senator MALONE. And that means, as we have already brought out before, if it should injure to a certain extent one industry in this country, but the overall benefit is justified in the mind of the President of the United States, within the limits of the authority granted him under the 1934 Trade Agreements Act, as amended, and if we extended it here and you think yourself is justified——

Secretary DULLES. Yes.

Senator MALONE. Mr. Secretary, I have some material coming, that has been delayed, and if there are any other questions from any other Senators, I would be glad to await this material.

Senator FLANDERS. Mr. Chairman, are there some Senators on that side who have not been heard from?

Senator FREAR. Senator Barkley.

Senator BARKLEY. I do not care to interefere with any other Senator. I do not think mine will be very long. You never can tell when you deal with a Senator how long he is going to be.

When you were here the other day, the question was raised as to the authority of Congress to delegate authority to the President of the United States, which raises a constitutional question which was involved in that lawsuit that has been filed. Congress cannot pass on the constitutionality of its own acts but the same part of the Constitu-

tion that enumerates the powers of Congress authorizes it to regulate commerce among the States and with foreign nations and with Indian tribes and so forth and practically all the legislation that has been enacted to regulate commerce—and that same provision authorizes Congress to levy imports and excises and all those things which is in one sense revenue-raising and in another sense regulation of commerce, they all come under the general authority of Congress. That has been the settled policy of Congress for a long time to establish these agencies like the ICC to regulate commerce among the States because Congress can not regulate or legislate rates and practices. That is to delegate that authority to some agency.

All our antitrust laws are based upon the commerce clause in the Constitution and in innumerable instances we have authorized the President to act as an agent of the Congress in doing certain things that the Congress could not do itself practically because of its cumbersomeness. Do you see any difference legally and constitutionally between Congress delegating to the President or to the Tariff Commission or any other agency it might set up or designate the power to regulate transportation of articles of commerce between our country and other countries and the authority conferred upon the ICC which it created to regulate those same practices among the States?

Secretary DULLES. No, I believe that a power of delegation is the power of delegation and that it is inherent. If the Constitution were to be interpreted as denying a right of delegation in speaking of the power granted to Congress, it would make the Government of the United States totally unworkable. As the Nation has grown, as the problems have become more complicated, as more and more factors become involved, it becomes increasingly necessary to have a delegation. It is precisely the same in the case of a corporation; if you have a small corporation, it is often run by one man, the president of the corporation. He has the authority and he runs it all.

However, when you get to a vast corporation, you cannot expect one man to run it all. There has to be increasing degrees of delegation and to interpret the Constitution as prohibiting the Congress from delegating within defined limits, would, I think be to strike a body blow at our whole constitutional process and our whole form of goverment. While the matter has not perhaps been explictly passed upon by the United States Supreme Court, I believe there can be little doubt that the degree of delegation contemplated by this act would be sustained as constitutional. It is in line, as you point out, with other delegations with respect to our powers that are conferred upon the Congress.

Senator BARKLEY. And upon which the Court has passed?

Secretary DULLES. And upon which the Court has passed.

Senator BARKLEY. I am not going to ask you any questions about these figures that have been brought here by witnesses dealing with imports, the number of dollars and all that, and the percentage of imports compared with our domestic consumption and production because I imagine that you have not had the time to go into all those statistics.

Secretary DULLES. Yes, sir.

Senator BARKLEY. We have had here witnesses asking for amendments to this act on behalf of the textile industry. That is about one-half of 1 percent competition with foreign countries in the textile field.

Lead and zinc, coal and oil, and any number of other commodities that are affected, they think, by a continuation of this act and any agreements that the President might enter into under it. We realize all those things are probably serious in those localities and in their minds surely, they are all concerned about it and sincere, but if any number of the amendments which have been proposed here would be agreed to, if this bill were to become a law, what effect would it have upon the authority of the President to do anything? Would it be very effective?

Secretary DULLES. It would have a very grave effect upon—it would very gravely impair the power of the President in this field which, as the President has said and as I wholly agree, is extremely vital.

World trade I have sometimes said is like the lifeblood that flows through the veins of the free world body. These obstructions are like clots. You know what happens if you get a clot. I know because I had one once.

You get a clot in your circulatory system and develop pretty serious consequences. I think that the only person who can adequately judge as to whether or not a serious clot in the lifeblood of the free world is the President of the United States because he is in a unique position to judge both the domestic and international aspects. I know of no one in the structure of our Government who can comparably bring to bear all the factors which need to be weighed. I believe that impediments, created by those who cannot in the nature of the case know the full impact of what they do, would constitute a very grave threat to our national security particularly at this time. I do not for a moment question the complete good faith of those who argue for these amendments in defense of one situation or another. I do say that in the nature of the case they cannot fully judge the consequences of what they do. It is always much pleasanter to feel you can live your life just for yourself alone. We learn you cannot do that and have to take into account the broad aspects of what you do. That is what amounts to enlightened self-interest.

I believe that the advocates of these particular amendments, acting in perfectly good faith in defense of situations they know about only do so because there are other situations that they do not know about. If they knew as much about the world situation as the President does, I do not believe they would be advocating these things. It is only perhaps because they have the blissful advantage of not knowing the troubles in the world today that they feel free to do this.

Senator BARKLEY. I come, as you know, from a coal State where there is widespread unemployment, closing of coal mines and many if not most of those good people have a feeling that they are out of a job and that their mines are closed because of the importation of residual oil into the United States, about 97 percent of which comes from Venezuela. I do not know whether you are at liberty to speak about—Venezuela is one of our best friends in the whole Latin world, South and Central America. Our second next best market.

I think next to Canada we sell more to Venezuela than to any other country. Are you at liberty to speak and if so, what would be your opinion as to the internal economic and therefore political conditions in Venezuela growing out of the adoption of an amendment limiting the importation of what we call residual oil in the United

States so as to create an internal economic situation because politics and economics go hand in hand all over the world? Would you be in a position to express an opinion as to what might be the repercussions, political and economical and what effect those repercussions might have on us and our security growing out of that specific situation?

Secretary DULLES. Yes, sir. I cannot speak as an expert with all the figures at my command but I know the general situation. I was in Venezuela a year ago this month at the Caracas Conference and I learned in connection with that visit of the economic life and political viewpoint in Venezuela. But I would like, if I might, sir, in answer to your question, answer it in the broader context of its effect of our total relations with South America.

Venezuela is a country which has adopted the kind of policies which we think that the other countries of South America should adopt. Namely, they have adopted policies which provide in Venezuela a climate which is attractive to foreign capital to come in. Foreign capital has come in and there has been an immense development of the economic life of Venezuela. Social conditions are rapidly improving.

The standard of living is going up by leaps and bounds. As I said, when I was in Venezuela, at the Caracas Conference, talking primarily to other Latin delegations present, when they talked about the need of vast grants and gifts from the United States, I said you do not need to be on a basis of vast doles from the United States, if you will create a climate attractive to foreign capital to come in on a profit-sharing basis. Venezuela shows you what the result will be. That thought then was carried forward at the Rio Conference which I did not attend. It was attended by the Ministers of Finance primarily, held at Rio last year, later on in the fall.

If we put restriction on the importation of oil from Venezuela of a serious nature the reaction in Venezuela will be very serious.

It is not sound for these countries to expect millions and billions of dollars of gifts from the United States. It is not good for them and it is not good for us. What they need to do is to develop a climate which will attract American capital there on a business basis and in fair partnership with the local interests and with the local resources. Then those countries will begin to develop and thrive and if we can do that, the danger of communism in South America, of social disorder will gradually disappear and that is a very real danger.

If we, by our own action, strike down that place which Venezuela holds today in the eyes of all the Latin American countries, the consequences of it for our whole Latin American policies will be very grave. The only possible alternative we would have to turn to would be a new policy which would involve vast grants in a desperate effort to save the situation from disorganization. When the situation is viewed from that standpoint, I say that is the point of view which your coal miners cannot understand and I do not blame them for not understanding it. There is only one person who can fully understand it and that is the President. He can appraise the consequences of this action in a way which I think nobody else can do. He can see better than I have tried to describe it here what would be the tremendous ramifications of a policy which, after having encouraged

these countries to create a climate for the American capital, after the American capital has gone there to the tune of approximately $2 billion, and after the economic and social life of the country has blossomed under the impact of that, then if we cast a blight on it, the results of that throughout the Latin American countries will be extremely serious.

Senator BARKLEY. We all realize here on this committee and in the Congress and I think in the country the pressures that are perfectly natural by industries with which you are familiar as I am familiar with those of my own State and in undertaking to weigh the equation of the broad policies which you have outlined and which the President is advocating here and at the same time an opportunity to be of some benefit to those who are suffering for causes they did not create. It is like Solomon trying to decide who the baby belonged to and we are not all Solomons.

I am sure you appreciate the difficulties under which we act.

Secretary DULLES. Could I add something to my previous statement?

Senator BARKLEY. Yes.

Secretary DULLES. Which is suggested to me by your further remarks. These situations often lend themselves to a treatment which will, on the one hand, assist the American producer without having such serious consequences as I have outlined in the case you asked me to illustrate, and the President with the flexibility of his power can often find a path between the demolition of a foreign structure which is extremely important, and the demolition of a domestic industry which is also extremely important. In the case such as you referred to, as oil imports, I recognize that there can be a degree of imports which would dangerously damage the oil industry and possibly the coal industry in the United States. I did not want to give the impression that because my principal business is foreign relations that I am blind to the domestic needs of the situation. I believe that it may very well be possible to bring some of the foreign producers of petroleum products to realize that they could flood this market to such a degree that it would force drastic action in the way of quotas or duties.

They need to be educated, too, and that process of education is going on at the present moment. It is quite possible that there may be some reaction from the standpoint of their own enlightened self-interest on the part of some of the foreign powers.

That the situation can be mitigated in a way which would not have the serious stern consequences which I have portrayed and which at the same time would give a measure of assurance to domestic industries in the case of lead and zinc that you referred to.

Senator BARKLEY. Also fluorspar about which a witness was here yesterday and depicted a situation with which I am personally familiar because it is in western Kentucky, and proposing an amendment limiting imports to 25 percent, or reducing them by 25 percent instead of 10 percent; in the other amendment he proposes 25 percent of domestic production or consumption as a quota. I failed to mention that commodity and you might include that in this general situation.

I do not think the President has full power to put into effect quotas, he deals primarily with duties up or down. Would there be any objection on the part of those who advocate this extension to giving the President a little more authority to impose quotas in such cases as have been mentioned here?

Secretary DULLES. I believe that the President does have authority to impose quotas under the escape clause.

Senator BARKLEY. Yes, he has limited authority in that situation to impose quotas.

Would any strengthening of the authority on his part be objectionable as far as you are concerned?

Secretary DULLES. I would not want to make an answer that would be binding on him.

Senator BARKLEY. No.

Secretary DULLES. Because the subject of quotas is a very complicated one. But I would offhand say that the discretionary authority in that field would not be objectionable. The trouble with quotas is that the administration of quotas eventually leads you very close to almost a total socialization of the industry which is subject to quota. One thing leads to another. You have to decide how you allocate your quotas and then that may get you very quickly into domestic quotas and price controls. I recall that when I was, during that brief period that Senator Malone alluded to, in the Senate and had to face up to the problems the way you gentlemen do, I was quite attracted myself to the idea of using quotas somewhat more freely than we did. However, I now worry about such use.

Senator BARKLEY. Is it quite a relief not to have to face up to them now?

Secretary DULLES. I am not sure that I did not jump from troubles I knew to others which turned out to be worse.

Senator BARKLEY. This message that you say the President will send up in a few days, is that concerning this new organization? Is that for the information of the Congress or is it contemplated that either or both Houses will have to act on it?

Secretary DULLES. That contemplates action by both Houses.

Senator BARKLEY. It is not in the form of a treaty. It is a sort of an international executive agreement?

Secretary DULLES. It is the same way in which the Congress has I think approved our membership in other international organizations some of which I referred to in my answer to Senator Malone.

Senator BARKLEY. Thank you, Mr. Chairman.

Senator FREAR. Mr. Secretary, I have been requested by a member of the committee to ask you to furnish a list of all agreements that now exist with the expiration dates and any agreements that are in process of negotiation. Is that possible?

Secretary DULLES. Yes, sir.

(The following information was subsequently submitted:)

The United States has trade agreement obligations with 32 countries under the General Agreement on Tariffs and Trade and with 10 countries under other agreements, making a total of 42 countries in all. These countries are:

GENERAL AGREEMENT ON TARIFFS AND TRADE

Australia	Finland	Nicaragua
Austria	France	Norway
Belgium	Germany	Pakistan
Brazil	Greece	Peru
Burma	Haiti	Federation of Rhodesia and Nyasaland
Canada	India	
Ceylon	Indonesia	Sweden
Chile	Italy	Turkey
Cuba	Luxembourg	Union of South Africa
Denmark	Netherlands	United Kingdom
Dominican Republic	New Zealand	Uruguay

OTHER BILATERAL AGREEMENTS

Argentina	Guatemala	Iran
Ecuador	Honduras	Paraguay
El Salvador	Iceland	Switzerland
	Venezuela	

There is no definite expiration date in any of these trade agreements. However, the United States has the right under the General Agreement on Tariffs and Trade to withdraw from the agreement upon 6 months' notice (60 days' notice under the Protocol of Provisional Application which is in force now). With reference to the 10 bilateral trade agreements still in effect, the United States may terminate any of those agreements upon 6 months' notice. The United States has, in fact, given such notice to Ecuador. Termination of that agreement will become effective on July 18, 1955.

With reference to possible new trade agreements, as announced on November 13, 1954, the United States is now engaged in reciprocal tariff negotiations involving Japan. This negotiation has been undertaken under the Trade Agreements Act of 1934, as amended and extended. The following countries have also indicated their intention of participating in these negotiations, and it is hoped that others may also do so: Burma, Canada, Ceylon, Chile, Denmark, Dominican Republic, Germany, Indonesia, Italy, Norway, Pakistan, Peru, Sweden, and Uruguay.

Also, as indicated in the announcement, the United States is taking advantage of the occasion of these tariff negotiations to carry out renegotiations arising out of various United States actions on certain products including fish sticks, rubber-sole footwear, and figs. Other contracting parties of the general agreement are also renegotiating certain items in their schedule of tariff concessions.

As announced on February 21, 1955, the United States has given notice of its intention to undertake tariff negotiations with Switzerland looking to possible compensation to that country for the increase last year in United States duty rates on certain watches and watch movements. The United States increased these duties by action under the escape-clause provision in the trade agreement between the United States and Switzerland.

Senator FLANDERS. Mr. Chairman, may I also ask that the committee be furnished with a list of the American delegates to the GATT Conference with their background?

(Senator Harry F. Byrd, chairman of the committee, arrived and presided over balance of meeting.)

The CHAIRMAN. I was unavoidably absent during the first part of the hearing on account of the tax conference.

It was stated before this committee that this act H. R. 1 commits the United States to certain provisions of GATT and I want to ask the direct question for a "yes" or "no" answer. Is there anything in this act directly or indirectly or implied that commits us to GATT?

Secretary DULLES. The answer to that is "No."

The CHAIRMAN. What was done over in Geneva with respect to certain tariffs which industry was—which was done under the administrative machinery of GATT and an announcement was made, I think, 2 or 3 days ago about that. I would like you to explain what that action was that was taken in Geneva.

Secretary DULLES. The action at Geneva was of two characters, the first was the making of an organizational agreement which was designed to put the organization of GATT on a permanent basis. That has been more or less on a provisional basis up to the present time. It is now proposed to make it a permanent organization like some of these other permanent organizations like the World Bank and Monetary Funds and ILO, and so forth. In substance, the situation is as it has been but there are some detailed changes I am not familiar with, as I said to Senator Malone. I am not in a position to discuss the details because it will be the subject of the President's message in a few days transmitting it to the Congress. Then the second part of what was done was a revision and review of the so-called trade rules which are those which apply to reductions of duties and the like.

There are a whole series of rules, for instance, which are designed to prevent the circumvention of tariff reductions through monetary controls, through internal duties that are imposed actually in lieu of import duties and through various other evasive measures. They, to some extent, liberalized the trading rules, notably in relation to the so-called waiver to permit the operation of section 22 of our agricultural laws, to which I testified at some length I think before you were in the room in response to questions from Senator Malone. Those are designed to permit us to impose quotas or duties to restrict the importation of agricultural commodities which are the subject of a sustaining program under our domestic legislation. Those rules and regulations which, as I say, are the framework of good practice in connection primarily with tariff reductions, were accepted pursuant to the President's present authority under the Trade Agreements Act.

The CHAIRMAN. Is GATT going to be an integral part of the trade program?

Secretary DULLES. It will be in this sense, that whatever reductions of tariff are negotiated by the President, under the present law or under its extension, will presumably be carried into effect under the rules of GATT which, as I say, are designed to prevent the nullification, except under agreed conditions, of the tariff reductions that are granted.

Theoretically it would be possible to have an independent series of negotiations with each of a number of countries, under this approach, every time you negotiated a trade agreement with any particular country, you would at the same time negotiate all of the surrounding conditions to be sure that your trade reductions and reciprocal agreements would be effectively carried out. It has proved in practice to to be much more convenient to come together at one place and negotiate those things all out at once. That is what in effect the rules of GATT are.

The CHAIRMAN. Wouldn't it be advisable then to consider both the legislation, establishing GATT and this bill together? As I understand it, from what you say, they are very closely linked together.

Secretary DULLES. The so-called rules have been communicated to the Congress, distributed a day or two ago and can and probably should be considered by the Congress in connection with this legislation.

The CHAIRMAN. You mean in connection with H. R. 1?

Secretary DULLES. Yes.

The CHAIRMAN. And have they been introduced in Congress yet?

Secretary DULLES. No. They have been distributed to the Congress or they are here.

The CHAIRMAN. They may be here but they ought to be here in the form of a bill or proposed legislation of some kind.

Secretary DULLES. I would venture to disagree with you about that, sir.

The CHAIRMAN. Let me ask this——

Secretary DULLES. These rules were accepted pursuant to the authority which the President now has under the present Trade Agreements Act; now it is not customary when the President negotiates under the authority of that act then to refer the results back again for ratification because the whole theory of the Act is that it is a delegation of authority. If the results have to all come back here to Congress for approval, then that would be a nullification of the whole principle of the act.

The CHAIRMAN. You just made the statement that the two ought to be considered together. We cannot consider them together unless GATT is brought in, introduced and referred to this committee or some other committee for consideration in the form of legislation.

Secretary DULLES. You can consider the rules as a fact which you could take into account. When you see these rules, you will know how the President expects to exercise his delegated authority. You will know how the President has exercised his delegated authority under existing law. Whenever the President exercises his authority and the results brought to the knowledge and attention of the Congress, then in considering whether or not to continue to extend his authority the Congress may very properly take into account what the President has done. Put what the President has done does not come back here for ratification because that would nullify the theory of delegation. It comes here for the knowledge of the Congress so that the Congress, having that knowledge, will, in its own judgment decide whether or not it is wise and prudent to continue the President's authority in the future.

The CHAIRMAN. Now, you first stated that the two are linked together, we agree upon that, that GATT is an integral part of the reciprocal trade program.

Secretary DULLES. No.

The CHAIRMAN. That is what I understood you to say.

Secretary DULLES. Then I didn't make myself clear. GATT is no more an integral part of the trade agreements program than is the fact that under that authority the President has, let us say, reduced the duty on some commodity from 15 to 14 cents. I don't know whether you would call that an integral part of the program or not.

But the President takes action under this authority, and his action is reflected in part by specific duties and in part by provisions which are designed to insure that those reductions will be properly carried out and not be circumvented.

It may be just a play on words, but I would assume that the Congress would be interested in what the President has done under his present authority. What the President has done under his present authority falls, you might say, into two categories.

One is the actual reductions of duty from 14 cents, let us say, to 13 cents, and the surrounding circumstances which assure that the countries, for instance, which give reciprocal obligations to us do not nullify it by imposing a whole series of internal regulations which, in effect, nullify it.

Those are the things the President has done under his authority. The knowledge of what he has done is brought to the Congress so that the Congress, in the light of that knowledge, can decide whether or not it wants to continue the authority. But it doesn't have to come back for ratification.

The CHAIRMAN. But you do think they should be considered together?

Secretary DULLES. I believe that the Congress should have knowledge about this and consider it at the same time, because it is just exactly as relevant as the past conduct of the President in other respects under this act in reducing duties. And that is the reason why the information was brought to the attention of Congress.

The CHAIRMAN. Bringing information to the attention of Congress and enacting legislation are entirely different matters, as you know. If you are going to ask for further authority from Congress in regard to GATT, it would seem to me that the request should come up here promptly and be considered in connection with this legislation.

And so that you may better recognize the difficulties that confront this committee in dealing with this legislation, let me say, in my judgment, the GATT question is one which must be cleared up before definite action is taken on H. R. 1. And that is a practical situation which you can decide to handle from the standpoint of the administration as you think best. My advice to you, as one friend to another, is to come up here with GATT in full detail, exactly what it provides for, what delegation of authority is given to GATT, if there is any, and have the whole matter clearly understood.

As one member of this committee, I am not willing to report this bill out until I know those facts, I am not willing to delegate authority to foreign nations in connection with tariffs, if that is what GATT does, until I know the facts. It may be that only administration is involved—it has been a very difficult thing for me to understand, and I want to understand it before I vote on this bill. And I think that is a reasonable position.

Secretary DULLES. I said, possibly when you were not here, that the President intends to send to message to Congress on this GATT aspect of the matter within the next 10 days.

The CHAIRMAN. Will that be accompanied by legislation that he desires enacted?

Secretary DULLES. Yes.

The CHAIRMAN. That had better come quickly, otherwise it is going to delay this particular bill. And I simply make that as a friendly suggestion.

Secretary DULLES. The arrangements were signed, I think, only 2 days ago. They only arrived in this country recently, I think. I myself have not had time to fully study them. And as soon as the President can compose his message it will come before Congress.

The CHAIRMAN. This committee proposes to start its executive sessions beginning next Monday. And one of the first things we want to explore and understand fully is the question of GATT—how it is integrated into this program, if at all, how it is linked with it, what powers are delegated to a foreign organization, and the extent to which other nations have the controlling voices in this organization.

Now, who will be prepared to make that presentation, and in such detail and such simplicity that an ordinary person like myself can understand it?

Secretary DULLES. I understand that a schedule of witnesses is being arranged at the present time.

The CHAIRMAN. Will somebody be here with authority enough to say definitely what GATT means, and do it simply so I and other members of my own height of knowledge—and mine is lower than others—can understand?

I want to know exactly what GATT is, not just some formal report sent down here by the President, but I want to know what it is, I want it spelled out in the legislation and authority you desire Congress to give.

Secretary DULLES. I am sure, sir, that will be done. Certainly, if it is not made clear, that will be the fault of the Executive. And I think we will not run into that fault, although I admit the problem is somewhat complicated.

The CHAIRMAN. And you do think the two should be considered together?

Senator Millikin, you are more familiar than I am with this. Will that be referred to this committee?

Senator MILLIKIN. It may be referred either to Foreign Relations or this committee, but in any event, if it goes to Foreign Relations, we should have a joint look, or we can take a separate look at it if it directly concerns the affairs of this committee.

Senator FLANDERS. May I ask a question in regard to this message? Will it concern itself solely with this new organization which was arranged for at the GATT Conference, or will it also give what I understand our chairman wants, a full statement of the present authority for GATT and its method of operation?

The chairman, I think, was not here when you were speaking of this forthcoming message.

The CHAIRMAN. The present authority, as I understand it, stems from the reciprocal trade agreement legislation, does it not?

Secretary DULLES. Yes.

The CHAIRMAN. No specific legislation has been passed in relation to GATT?

Secretary DULLES. That is correct.

The CHAIRMAN. So it comes from the legislation we are now considering?

Senator FREAR. Mr. Chairman, you recall back in 1947 or 1948—Senator Millikin has just stated that this proposed statement and legislation from the Executive might go to the Foreign Affairs Committee, as happened when they were talking about the ITO back in 1948. And a bulletin issued by the State Department in Publication No. 3112, taken from the State Department bulletin on March 21, 1948, considered those two things together, the United States reciprocal trade agreement program, and the proposed ITO. And they were considered together only—I believe the Executive proposal was referred to the Foreign Relations Committee at that time, was it not, Senator Millikin?

Senator MILLIKIN. It was referred to the Foreign Relations Committee, which did nothing with it.

The CHAIRMAN. The legislation we passed last year extending reciprocal trade agreements specifically stated it did not approve those——

Senator MILLIKIN. Neither approved or disapproved——

The CHAIRMAN. Neither approved or disapproved the so-called GATT proposition. So I think it is time to bring this thing down to earth and see what it is. Let us see what would be done under H. R. 1. And if you want further authority with respect to GATT, let us see what that is.

I assure you, Mr. Secretary, that that will simplify these hearings and enable better legislation than if it were left in doubt.

Senator FREAR. I don't want to interfere, because it is through the courtesy of Senator Malone——

Senator MALONE. Go right ahead.

Senator FREAR. May I ask a few questions?

Mr. Secretary, I would again like to refer you to State Department Bulletin 3112, and an excerpt from March 21, 1948, when the main points of the draft charter—I assume that was referring to what was known as the ITO—in a reply to a question of Senator Malone earlier today in referring to this new organization for trade cooperation, I believe you said that this proposed new organization entails only a small fraction of the items contained in the proposed ITO. Did I understand that correctly?

Secretary DULLES. Yes, sir.

Senator FREAR. Now, then, in the main points of the draft of that charter of ITO, referring to this bulletin again, on page 372, would you explain for this committee, in order to save time—I will not go down this point by point—but in order to save time, and in order that this committee, including myself, may know the difference between this proposed organization and the old proposed ITO, would you give us the differences between those main points of the draft of charter at that time and the present draft for the Organization of Trade Cooperation?

Secretary DULLES. Yes, sir; I will supply that.

(The Secretary subsequently furnished the following information:)

The draft charter for an International Trade Organization (ITO) contained specific provisions on a wide range of matters in addition to commercial policy matters to which the General Agreement on Tariffs and Trade (GATT) relates. It contemplated procedures looking toward the prevention of restrictive business practices having a harmful effect on the expansion of production and trade;

called upon members to take internal measures designed to maintain full and productive employment within their own territories; called upon members to eliminate unfair-labor conditions; established procedures and criteria for the conclusion of intergovernmental commodity agreements; and provided for extensive measures for cooperation for economic development and reconstruction. All of these activities would be administered by the ITO.

The present agreement on the Organization for Trade Cooperation (OTC), on the other hand, provides for the setting up of a permanent organization whose principal function would be the administration of the GATT. In addition, the OTC may sponsor international tariff negotiations and would be empowered to serve as an intergovernmental forum for the discussion and solution of certain other questions relating to international trade—in general those covered in the commercial policy chapter of the draft ITO charter. Not covered by the agreement on the OTC would be the administration of agreements relating to such provisions of the ITO draft charter as were concerned with cartels, full employment, fair-labor standards, commodity agreements, or economic development measures other than such measures relating to matters covered by the general agreement.

Senator FREAR. That, Mr. Chairman, will answer my question.

Senator MILLIKIN. Mr. Chairman, will Senator Malone yield to me?

Senator MALONE. Yes.

Senator MILLIKIN. Mr. Secretary, on August 24, 1954, I wrote you a rather lengthy letter, and also sent copies to one or more of your subordinates who deal with the subject on the matter of GATT. I have never received any reply to that letter. And it would be helpful in considering what is being done if I did have a reply to it.

Secretary DULLES. Senator, if any letter from you didn't receive a reply from the State Department, I apologize, and will take the proper steps to get it remedied.

Senator MILLIKIN. I was a little curious about it, and I would like to have a reply.

Secretary DULLES. I am very sorry. I thought one absolute rule was that letters from Members of Congress got absolute priority of attention. I am sorry.

Senator MILLIKIN. May I count on receiving a reasonably prompt reply to that letter?

Secretary DULLES. You may.

Senator MILLIKIN. It was dated August 24, 1954.

Senator LONG. Will Senator Malone yield to me?

Senator MALONE. Go right ahead.

Senator LONG. Mr. Secretary, I agree with much of your philosophy concerning the importance of foreign trade in our struggle against Communist infiltration and Communist expansion. I believe you would agree with me also, however, that perhaps 80 to 90 percent of the strength that you can depend upon being exerted against Communist expansion is the United States, and in the main, if this country doesn't have the strength to stand itself, that that would perhaps be the greatest single thing that could happen as far as weakening the bulwarks against Communist expansion.

Now, one thing that I have noticed is that we have had certain people testify that they found that foreign competition prevented them from manufacturing one or two things that they usually like to make. Now, I would not view some of them as a particularly great loss, like those pins and fasteners and things of that sort, for instance.

But if the product that is discontinued should prove to be one that is vital to the national defense, in other words, if it should be a

part of something that is essential for defense—part of a jet engine, for example—we would be placed at a very serious disadvantage in the event that we had to discontinue production of that article or depend upon countries overseas to produce it for us.

And, in that event, I take it you would have no objection if it were made discretionary with the President, to imposing quotas with regard to domestic products that might be involved in defense purposes, rather than in a particular industry.

Secretary DULLES. That would seem entirely reasonable to me.

Senator LONG. There is one other thought that occurred to me, and that is, that the efforts being made to help develop industries in these other countries, so long as we treat all these nations on a most favored basis, doesn't it stand to reason that American capital, in helping to develop these undeveloped countries, will tend to go to the countries with the lowest wage standards as long as the government conditions there are the safest.

Secretary DULLES. I would think there would be a good many other factors than just the wage levels. There is the efficiency of labor, which is a very important factor, the availability, of power at low cost—I am not, myself, an industrialist, so I couldn't list the factors—I suppost freight transportation costs, all of those things would enter into it, certainly, cost of labor is one factor as we have seen in our country here. We have seen how, for example, the textile industry has to some extent shifted from the North to the South because of a combination, perhaps, of labor and power costs being more favorable. So that these are certainly factors.

Senator LONG. That is all.

The CHAIRMAN. Senator Malone, will you yield now to Senator Kerr?

Senator MALONE. Yes.

Senator KERR. Mr. Secretary, I understood you to answer the chairman that there was nothing in this extension authorizing GATT.

Secretary DULLES. There is nothing in the extension that authorizes GATT. There is the delegation of authority to the President which he uses in relation to trade rules and agreements which are negotiated for convenience, under the auspices of GATT.

Senator KERR. Well, I have had some experience as a lawyer, and I think I can understand the legal and technical phraseology fairly well. But isn't it a play on words to say that there is nothing in this extension that authorizes GATT, and then to say that by reason of the passage of this act there is a delegation of authority to the President in the exercise of which GATT is produced?

Secretary DULLES. Well, it seems to me that there is a distinction there. In other words, the whole theory of delegation is that Congress does not take express responsibility for certain things, but leave them to somebody else to do.

Senator KERR. Well, would the President—either this or any other President— have any authority to authorize the participation of our representatives in the development of GATT without the Reciprocal Trade Agreement Act?

Secretary DULLES. No; unless he had some discretionary authority or some responsibility in relation to this field of tariffs he would naturally not be in the business of negotiating such matters.

Senator KERR. Does he have it in the absence of the Reciprocal Trade Agreements Act?

Secretary DULLES. No.

Senator KERR. Well, then, either previous acts and existing law and the present bill have within them the authority for the President to negotiate GATT, or else all of it that has been done has been unauthorized, hasn't it?

Secretary DULLES. The legislation gives the President broad enough authority to do what he does. The President does so without engaging the express responsibility of the Congress to precisely what he does, that is the whole theory of discretion under the act.

Senator KERR. Then, for all practical purposes, if you were a member of this committee you would go on the theory that GATT is authorized in this legislation, or that it has been developed without authorization, wouldn't you?

Secretary DULLES. I would go on the theory that when you give the President discretion to negotiate tariff reductions you impliedly also give him discretion to negotiate the conditions and terms under which those reductions will be made, and the terms and conditions under which we will get reciprocal advantages.

Senator KERR. That would have to be in the act, wouldn't it, if it is in existence?

Secretary DULLES. I think it is in the act, that the President has that authority.

Senator KERR. Well, I understood you to tell the chairman of the committee that it was not in the act.

Secretary DULLES. I thought I said that there was nothing in the act which engages the responsibility of Congress by way of approval or disapproval to what the President does in relation to GATT.

Senator KERR. Then I am sure that I misunderstood the question.

The CHAIRMAN. Excuse me, that was not the question I asked, I asked if there was anything in this act expressed or implied that gave an authorization for GATT, that was the language of it. That is what I think I said.

And you said, "No."

Secretary DULLES. Possibly I misunderstood your question. I understood your question as being whether the Congress, by enacting this act, gave its approval to GATT. That is what I meant to say "No" to.

The CHAIRMAN. Isn't that the same thing? I asked you whether anything in this act gave authority for the establishment of GATT expressly or impliedly.

Secretary DULLES. I am sorry, I must have misunderstood your question, then.

The CHAIRMAN. That was the question. "You said, "No." I said I wanted a yes or no answer, and you said, "No." This is a matter of very great concern to the members of this committee.

Secretary DULLES. I think that there can be no doubt in the minds of the committee—I hope not—as to what the situation is. I have said it, I think, a number of times—it is that the President, exercising delegated responsibility in his field, has, among other things, used that delegated responsibility to agree to certain rules and regulations under which tariff reductions on a reciprocal basis are carried out.

The CHAIRMAN. Do you mean this, then, that the Congress delegates the power to the President and the President redelegates that power to this GATT organization?

Secretary DULLES. No, sir.

The CHAIRMAN. What do you mean?

Secretary DULLES. What I mean is this. Let us suppose the Congress delegates to the President authority to reduce duties on a certain product by 1 cent. Now, I take it that that does not mean that the only thing the President can do is to sign an agreement with a foreign country which says, "We reduce the duties 1 cent." I think the President has authority to be sure that the reductions and the reciprocal reductions that we get are effectively carried out, and that he can say in addition, "We reduce the duty 1 cent on this, you reduce the duty 1 cent on that, and you agree that this reduction that you make on this thing shall not be nullified by imposing a domestic duty which in effect is merely taking back the concession that you gave us, that you will not, except under proper circumstances, nullify that by imposing a quota on the ground that you have to do it for trade reasons or monetary reasons which are not genuine." In other words, I believe that when Congress delegates that discretion, it delegates also the discretion to do what is necessary to make it effective.

Now, to make it effective, you have got to have certain rules and understanding. And that is what the President has done.

The CHAIRMAN. Just briefly state, how many nations are members of GATT?

Secretary DULLES. 34.

The CHAIRMAN. 34. Then the President delegates certain authority to the 34 nations to establish rules.

Secretary DULLES. No, sir.

The CHAIRMAN. What does he delegate, sir?

Secretary DULLES. He doesn't delegate anything.

The CHAIRMAN. What does GATT do?

Secretary DULLES. GATT is a multilateral agreement of 34 nations that if and when tariff concessions are made that they will be effectively implemented in the kind of rules that have been agreed upon by each of them.

The CHAIRMAN. Would that prevent us, for instance, from putting a quota on the importation of oil, or something like that, if we went into this agreement with GATT?

Secretary DULLES. No, sir.

The CHAIRMAN. You mentioned something a moment ago about quotas, that these nations couldn't impose quotas; didn't you?

Secretary DULLES. Except under certain conditions.

The CHAIRMAN. Well, doesn't that, to some extent, tie the President's hands in the future to protect the industries in this country, for example, by some quota?

Secretary DULLES. There is written into these rules the counterpart of the escape clause, so that all the countries agree that we can impose quotas under the conditions which Congress has prescribed.

The CHAIRMAN. Who determines the escape clause in this particular case?

Secretary DULLES. The President.

The CHAIRMAN. He acts for GATT as well as for——

Secretary DULLES. No; he acts for the United States.

The CHAIRMAN. I understood you to say that GATT was put in by 34 nations.

Secretary DULLES. Thirty-four nations have agreed, Mr. Chairman, that if importations are such as to cause serious injury to a domestic industry, then quotas can be imposed. In other words, we have gotten the agreement of all the countries to the effect that when we give them a tariff concession we can always get out of it through the operation of the escape clause, we have made the escape clause a multilateral undertaking instead of just a unilateral undertaking.

The CHAIRMAN. They have got that under the existing legislation, we don't have to make an agreement with foreign nations.

Secretary DULLES. We have got to get the acceptance of it. If we are negotiating with another country——

The CHAIRMAN. But this is the law now, we have escape clauses in the law now.

Secretary DULLES. Yes, sir.

The CHAIRMAN. We don't have to get an agreement from some other country to carry out our own law.

Secretary DULLES. We do not. But before we can get a tariff concession from them, they have got to know under what conditions we will nullify that.

The CHAIRMAN. Wouldn't this be better in the trade agreements themselves rather than to have some super organization here——

Secretary DULLES. This is the trade agreements, sir, this is it, except you negotiate—all it means is——

Senator KERR. Right there, Mr. Secretary, if that is the negotiating agreement, then it is the result of the authority of the act for trade agreements.

Secretary DULLES. It is the result of that authority.

Senator KERR. And therefore, it is in this bill.

Secretary DULLES. Well, Mr. Chairman, you could theoretically negotiate a series of 34 different agreements with 34 different countries at 34 different places and 34 different times. Actually, it is more convenient, if you are going to have as many as 34, to do it all at 1 place, at 1 time. That is all GATT is. You can break it up into a whole series of separate agreements if you want to, but that is just an awkward way of doing it.

The CHAIRMAN. It seems to me, these agreements are so important and vital to the sovereignty and prosperity of this country they ought to be acted on independently instead of being mixed up with 34 nations.

In other words, I think it ought to be done on the soil of the United States and not at Geneva, or some other place.

Secretary DULLES. Well, we could try to get the seat of GATT shifted from Geneva to New York. Some people think we have enough in New York already.

The CHAIRMAN. Whether it is New York or here, it seems to me that the White House ought to be the controlling factor in these trade agreements, they should not be controlled outside of our own country, because we are dealing with important matters on which depend the prosperity and contentment of millions of Americans.

I don't believe in mixing it up. There ought to be individual agreements with each nation, each one standing on its own merits.

Secretary DULLES. We could negotiate with individual nations and we would come out with the same result.

The CHAIRMAN. Maybe we would get a little more satisfaction out of it if we knew the 34 nations were not ganging up on us in these agreements.

Senator LONG. May I suggest that the House report on this very bill, H. R. 1, has a section appended, "How a Trade Agreement Is Made," and on page 85 it refers to "Bargaining with several countries at once."

And there it discusses the Geneva agreement of 1947 between the United States and 22 other countries, and spells the whole thing out.

The CHAIRMAN. What page is that?

Senator LONG. Page 85 of the House report, sir.

The CHAIRMAN. This is a matter we will have to go into further.

Senator LONG. I might give you the first sentence of that subsection:

> From 1934 until 1947 the United States under the Trade Agreements Act, concluded trade agreements through separate negotiations with each of various foreign countries.

And it goes on to say:

> At Geneva, in 1947, the United States and 22 other countries negotiated tariff concessions simultaneously and agreed to 1 set of general provisions—those in the general agreement on tariffs and trade concluded then.

In other words, the House accepted those as being a part of the Trade Agreements Act.

The CHAIRMAN. Just one more question, Mr. Secretary. If that is the case, and you have been doing it since 1947, why do you want any new GATT legislation now?

Secretary DULLES. Well, the organization of GATT, unlike some of the other international organizations that we are party to, have so far been on a provisional basis. And it has lasted for 6 or 7 years. But this administration felt that it had become sufficiently permanent so that we were not disposed to continue on the theory that it was provisional, but that it had gone on so long that it had really become permanent and should be dealt with in the same way as American membership in other permanent organizations is dealt with. Whereas the prior administration in its good judgment had carried it on without any reference to the Congress, this administration felt that it had become sufficiently permanent so that the Congress ought to be asked to approve of our membership in it.

The CHAIRMAN. Does it increase the power of the President as it now exists with respect to GATT?

Secretary DULLES. It doesn't increase the power that has been exercised in the past; it is a question of judgment always as to whether the President's power to deal with things in his Executive capacity on a provisional basis when that begins to become a little diluted and thin, and therefore, President Eisenhower thought it was time to bring this matter to Congress.

The CHAIRMAN. Well, it does increase the power of the President? I am speaking of the GATT legislation that hasn't come in yet; doesn't that increase the power of the President to make these agreements among the 34 nations in a different way than he is doing now?

Secretary DULLES. Are you speaking now of legislation approving membership in GATT?

The CHAIRMAN. Yes.

Secretary DULLES. It will not increase the power of the President over and above the power which past Presidents have exercised.

The CHAIRMAN. Well, does he think he has illegally exercised these powers to date?

Secretary DULLES. That President Eisenhower has illegally exercised them?

The CHAIRMAN. Has any President illegally exercised them? Do you want to legalize what has been done in the past, or to get further powers in the future, which, or both?

Secretary DULLES. You are getting now into the border zone of authority between the President and the Executive, where we all know there is no clear line. There are some things which a President can do temporarily on an emergency basis. And then there are other things which are sufficiently permanent in character so that it seems appropriate to bring it to Congress.

The President felt this had gone on long enough and had a prospect of going on long enough in the future so that it might not indefinitely be within the prerogatives of the President to do without congressional approval.

The CHAIRMAN. Would it be fair to say that you and the President have some doubt as to the legality of the power that has been exercised in GATT? Otherwise, why would you want to legalize it at this late date?

Secretary DULLES. Mr. Chairman, there are some things that are a matter of legality, and other things that are a matter of taste and temperament and one's judgment as to proprieties.

I do not think that the President, by coming in at this moment to Congress to ask approval of membership in the Organization, is intending to imply any—intending to reflect in any way upon the conduct of past Presidents.

I think President Eisenhower feels to a greater degree than some Presidents have felt, perhaps, the importance of close cooperation with the Congress, and quite apart from the question of strict legality, whether he has to bring it to Congress or not, he prefers to do it.

The CHAIRMAN. He has been using it himself for 2 years, hasn't he? If he had these compunctions, why did he not ask in 1953——

Secretary DULLES. He started out very early to whip it into shape, it was so mixed up before it was not in good shape.

The CHAIRMAN. It has been 2 years, it looks like it could be fixed up. I am not laboring the point, I am just trying to find out why, at this late date, you are coming in and asking Congress to approve GATT when you have been operating under it for 2 years, and previous administrations for 5 years before.

Secretary DULLES. We operated under it for 1 year, and we worked hard during that year and the remaining months, to try to get the thing in appropriate shape to bring to Congress.

It is now in shape to bring to Congress, and will be here in 10 days.

The CHAIRMAN. Do you think that GATT should be considered as a cobill with this present legislation, that they are linked together?

Secretary DULLES. This bill would still be useful without the authorization of GATT. They are not inseparable, they are not Siamese twins.

The CHAIRMAN. But those of us who want to know exactly what we are voting on in this important ballot, shouldn't we consider both bills together?

Secretary DULLES. That is for you gentlemen to decide. Actually, the President's message on the Organization will probably be here before you have—almost surely will be here before you have concluded your discussions here.

The CHAIRMAN. I remind you that you have said previously that you think they should be considered together, you said so this morning.

Secretary DULLES. I said the two matters should be considered together. I thought you were now asking whether the two bills should be coupled together. That is a different matter.

The CHAIRMAN. How are we going to consider a matter that is not before Congress? We must have a bill before we consider it. You can't consider a matter that is not before the Congress.

If the new bill is coming and there is something that relates to this bill, then we ought to have it and see what it is, isn't that common sense?

Secretary DULLES. You will have it. I thought you asked in essence whether you thought the two bills should be tied together as cobills.

The CHAIRMAN. I didn't say tied together.

Secretary DULLES. To that, I say, no.

The CHAIRMAN. I said consider it together, because they relate to the same subject.

Secretary DULLES. Well, they are being considered together this morning, I would think, from the course of the conversation.

The CHAIRMAN. I don't want to belabor the matter, but the other bill is not here, nobody knows what it is.

Senator FREAR. Mr. Chairman, this is only one question, "Yes" or "No."

Mr. Secretary, is this equation correct: ITO plus enlightened self-interest equals organization for trade cooperation?

Secretary DULLES. The answer is, "No."

Senator KERR. Now, Mr. Secretary, the chairman has kind of put us all in our place in saying that our knowledge about GATT is limited.

The CHAIRMAN. I was just reflecting my own knowledge, or lack of knowledge, rather.

Senator KERR. I want to say that with reference to this member of the committee, his analysis is accurate. And my hope that I may remedy that situation, is the reason I am asking you some additional questions.

Haven't you sent down to this committee copies of a trade agreement or copies of trade agreements which have been negotiated under GATT, and isn't there a compilation of trade agreements now in printed form, and haven't they been submitted to this committee?

Secretary DULLES. I believe so. They have been submitted to Congress.

Senator KERR. Who did that for the United States?

Secretary DULLES. Who transmitted them to Congress?

Senator KERR. No, who negotiated them, who signed them?

Secretary DULLES. I am sorry, I don't know who signed them. They have been signed over a period of many years, I assume—they have been signed on behalf of the President. The President has given power to various people to sign them. Who these people are, I don't know.

Senator KERR. Does the President know?

Secretary DULLES. Yes, because he has signed the power.

Senator KERR. I am a little bit surprised that neither you nor any of your staff with you here can advise the committee as to the identity of those who physically signed such an important document as the GATT agreement.

Secretary DULLES. The authority is out of the President.

Senator KERR. I am not talking about the authority, I am talking about the human beings who actually signed.

Secretary DULLES. Senator, the President can give powers to an office boy, anybody, to sign a document he has previously approved. In the office boy——

Senator KERR. I don't agree with you on that, Mr. Secretary. But that is not the question I asked you. The President of the United States can't give full power to an office boy to do the job that the Constitution places on the President. You are too good a lawyer to make that statement, seriously. But that wasn't the question I asked you.

I asked you who signed that agreement that you sent down here to this committee.

Secretary DULLES. I cannot tell you to whom the President delegated his authority.

Senator KERR. I didn't ask you to whom he delegated the authority.

Secretary DULLES. That was the person who signed it.

Senator KERR. How do you know that he signed the authority to him if you don't know who he was?

Secretary DULLES. The President knows. The President signs the authority. I am not the keeper of the President.

Senator KERR. Well, you are his Secretary of State, aren't you?

Secretary DULLES. I am. But he decides for himself whom he delegates authority to.

Senator KERR. But after he decides it, does he announce it? Is it a matter of record?

Secretary DULLES. Yes.

Senator KERR. Doesn't your Department handle it?

Secretary DULLES. I imagine those are in the archives of the State Department, yes, sir.

Senator KERR. Well, they only got down here a day or two ago; if they have got into the archives they got there awfully quick, didn't they?

Secretary DULLES. I understand you are talking about agreements that have been signed over a period of 21 years under this Trade Agreements Act.

Senator KERR. I don't know how you understand that, because I asked you if, in the last few days, you hadn't transferred to the members of this committee the GATT agreement. And you said "Yes."

Secretary DULLES. There was an agreement signed—if you are referring to the agreement that was signed in Geneva——

Senator KERR. This is confidential, I know it is, because it says it is. But I am going to show it to you. It is dated March 21, 1955. And I will ask you to tell me confidentially, what that is.

(Handing a document to Secretary Dulles.)

Senator KERR. I don't want you and me to perpetrate any leak here, Mr. Secretary.

Secretary DULLES. What you have handed me is a press release which was issued yesterday. So I take it it is no longer confidential. It is the release of an announcement that Assistant Secretary of State Samuel C. Waugh signed on behalf of the United States in Geneva certain documents.

Senator KERR. What are those documents?

Secretary DULLES. Well, I will read the press release.

Senator KERR. Mr. Secretary, I dont' want to belabor the thing. You either know or can tell me. I just want to get it in the record.

Secretary DULLES. If you put this release into the record, sir, then you will have the full story.

Senator KERR. I don't want to put it in the record, sir. If I wanted to, I would have done it.

Secretary DULLES. Then I will read it.

Senator KERR. I don't want you to read it.

Secretary DULLES. What do you want me to do?

Senator KERR. You have just told me that Mr. Waugh signed some agreements.

Secretary DULLES. Yes.

Senator KERR. What were they, promises to pay, mortgages, Government bonds, or trade agreements?

Secretary DULLES. They are described in the nine-page memorandum here.

Senator KERR. And you don't know what they are?

Secretary DULLES. Yes, I do.

Senator KERR. Can you describe them?

Secretary DULLES. It will take nine pages.

Senator KERR. Name them. I am not trying to start a row with you, Mr. Secretary; I am not trying to be discourteous to you. But I am not putting any undue strain on you when I ask you to tell me what was signed.

Secretary DULLES. If you are interested only in the title of it and not the substance of it, I can give you those, I think.

Senator KERR. That is all I have asked you for. Are you limiting your answer to what is in that press release? Don't you have an independent knowledge of it?

Secretary DULLES. No.

Secretary KERR. You don't know?

Secretary DULLES. I don't know, independently, the title given to these documents.

Senator KERR. Do you know who Mr. Waugh is?

Secretary DULLES. Yes.

Senator KERR. Who?

Secretary DULLES. The Assistant Secretary of State.

Senator KERR. Is that in your Department?

Secretary DULLES. Yes.

Senator KERR. What was he doing?
Secretary DULLES. He was acting under the powers of the President.
Senator KERR. What was he doing?
Secretary DULLES. He signed these agreements.
Senator KERR. What are they?
Secretary DULLES. I will be glad to read the title. If you want the substance, I will put it in the record.
Senator KERR. I can put the thing in the record. I don't want you to put it in the record. You say he signed some agreements?
Secretary DULLES. Yes, sir.
Senator KERR. What kind of agreements?
Secretary DULLES. The kind of agreements that are described in this press release No. 155.
Senator KERR. Well, if that is the only way you can get the information, I will ask you to get it out of the press release and tell me what kind of agreements they are.
Secretary DULLES. Do you want me to read the whole press release?
Senator KERR. No, sir.
Secretary DULLES. I don't want to be fencing with you, but I don't know what you are trying to get at.
Senator KERR. Well, either my ability to transmit information is greatly impaired, or your ability to receive it is not up to what I thought it was.
Secretary DULLES. I am afraid it is the latter.
Senator KERR. Maybe. I don't think so. Are they trade agreements?
Senator MILLIKIN. Why don't we have the witness read the press release?
Senator KERR. If the Senator from Colorado wants him to read the press release, I will yield for that purpose.
Senator MILLIKIN. It won't take very long.
Senator KERR. But if the press release is as uninformative as the Secretary is, the Senator from Oklahoma will be just as much in the dark as he is now.
Senator MILLIKIN. I suggest we find that out. Let the Secretary read the press release.
Secretary DULLES. Is the question to find out who signed?
Senator KERR. You told me that.
Secretary DULLES. If the question is to name the title of the document signed I will be glad to read you those. If the question is to know the content——
Senator KERR. Let's take it one at a time. First, give the title.
Secretary DULLES. The Agreement on the Organization for Trade Cooperation is one; and Amendments to the General Agreement on Tariffs and Trade is the other.
Senator KERR. Now, then, read that last one again.
Secretary DULLES. Amendments to the General Agreement on Tariffs and Trade.
Senator KERR. Is that what we call GATT?
Secretary DULLES. Yes.
Senator KERR. Is that what you call GATT?
Secretary DULLES. That is what everybody calls GATT.
Senator KERR. Let's just limit it to you and me. I don't know whether everybody does or not. The chairman has told you that there

are some of us on this committee that are limited in our knowledge. And I agree with him. So that is what you call GATT?

Secretary DULLES. GATT is the initials—G stands for General, A stands for Agreement, T stands for Tariffs, and the second T stands for Trade.

Senator KERR. I appreciate that. Now, then, having told me that, are the words you read there spelled out the same as what you have been talking about here when you said GATT?

Secretary DULLES. Yes.

Senator KERR. May I have that back just a minute?

Secretary DULLES. Yes.

Senator KERR [reading]:

> Assistant Secretary of State, Samuel C. Waugh, today signed on behalf of the United States in Geneva, Switzerland, the documents incorporated in the results of the review of the General Agreement on Tariffs and Trade (GATT). The GATT is an International Trade Agreement adhered to by 34 countries.

I am reading now from the press release. Do you agree with that statement?

Secretary DULLES. Yes.

Senator KERR. Then am I correct in concluding that Mr. Waugh, on behalf of the United States has already signed the GATT agreement?

Secretary DULLES. On behalf of the President, yes.

Senator KERR. On behalf of anybody or nobody, has he signed it?

Secretary DULLES. He signed it as agent for the President.

Senator KERR. What President?

Secretary DULLES, President Eisenhower.

Senator KERR. Now, then, having done that, do I understand you to say that the President is at some future time going to ask the Congress to authorize him to do that?

Secretary DULLES. He is going to ask the Congress to authorize the signature to the Organization for Trade Cooperation.

Senator KERR. Is that what Mr. Waugh has already signed?

Secretary DULLES. He signed it ad referendum subject to approval by the Congress.

Senator KERR. You lost me there.

Secretary DULLES. The same way treaties are signed, as you know, they really do not become operative until the Senate has consented to their ratification, and that is the way he has acted in relation to this document.

Senator KERR. I understood you to tell the committee a while ago that he was going to send a message up here asking Congress to authorize participation in GATT.

Secretary DULLES. I did.

Senator KERR. According to this release, we have not only already participated in it, but Mr. Waugh has already signed it.

Secretary DULLES. He signed it ad referendum to the Congress, in the same way that treaties are signed.

Senator KERR. That is it right there; isn't it?

Secretary DULLES. Is this the document?

Senator KERR. Is it?

Secretary DULLES. Yes, it is annexed here.

Senator KERR. Is that the document Mr. Waugh signed?

Secretary DULLES. Yes.

Senator KERR. Would you show me the words "ad referendum" there?

Secretary DULLES. No; because I can't show you a signature. This doesn't purport to be the complete document. The complete document will be brought to the Senate.

Senator KERR. What is that?

Secretary DULLES. Do you question the fact that he only signed ad referendum?

Senator KERR. I am just asking you.

Secretary DULLES. I have told you he signed ad referendum.

Senator KERR. Did you see him?

Secretary DULLES. He hasn't come back from Geneva, yet. I assume he did.

Senator KERR. I am asking you on the basis of what you know and not what you assume.

Secretary DULLES. If you had read a little bit further, you would have read "Mr. Waugh's signature of the agreement was conditional on congressional approval of the United States membership in the Organization.

Senator KERR. I think that is mighty fine.

Now, will you give me back what I gave you. This says, "For future release." I don't want you and me to get into the shape that you are in on this Yalta business which went to the New York Times ahead of time.

By the way, did you ever find out who gave that to them?

(No response.)

Senator KERR. You don't have to answer that, but I thought if you did know and would tell me, I would like to know.

Senator MILLIKIN. Mr. Chairman, haven't we got enough to do to keep on this GATT? I assure you that we will have enough to do on that to keep us busy for quite a long time without getting into the other business.

Senator KERR. I told the Secretary he didn't have to answer that if he didn't want to.

Now, that is an assumption on the part of the Secretary.

Senator MILLIKIN. That is an assumption on my part. And I think it is quite irrelevant to this meeting.

Senator KERR. Now, Mr. Secretary, you were talking awhile ago with Senator Barkley about the imports of residual fuel oil. Did you participate in the preparation of the White House report on energy supplies and resources policy?

Secretary DULLES. No, not personally.

Senator KERR. Did the Department of State participate in it?

Secretary DULLES. Under Secretary Hoover was active on it from the State Department standpoint.

Senator KERR. Did he do that for you?

Secretary DULLES. He did it for the President.

Senator KERR. You saw a list, or what purported to be a list, of the Cabinet Committee that was going to consider that matter. And it included the Secretary of State, John Foster Dulles. Was that in here?

Secretary DULLES. You say, was it in there?

Senator KERR. Was that list shown to me, erroneous?

Secretary DULLES. I don't believe so; no.

Senator KERR. Then, John Foster Dulles was a member of the committee?

Secretary DULLES. Yes; but I did not act, myself.

Senator KERR. Did you delegate Mr. Hoover to act?

Secretary DULLES. I did.

Senator KERR. Well, now section of that report reads as follows:

An expanding domestic oil industry plus a healthy oil industry * * * * * * appropriate action should be taken.

You are familiar with that recommendation?

Secretary DULLES. Yes, sir.

Senator KERR. Now, are you familiar with the fact that the total imports last year of crude oil and refined products, including residual fuel oil, amounted to about 1,052,000 barrels a day?

Secretary DULLES. I don't know that of my own knowledge, but I wouldn't dispute your figure.

Senator KERR. Well, will you assume for me, for the sake of this question, an answer that that is correct?

Secretary DULLES. Yes.

Senator KERR. And that the ratio of total imports to domestic production in 1954 was 16.6 percent, and that the importing companies are not holding imports to the levels of 1954 in relation to domestic production and consumption, that according to their schedule as submitted to the Texas Railroad Commission in February, the total imports will average 1,240,000 barrels daily during the first 6 months of 1955, which would be an increase of 17 percent over the same period of 1954?

Now, assuming that that is correct, would you say that the time has come for "appropriate action" by the Government as recommended by your committee?

Secretary DULLES. I would not be able to answer that question, because this whole subject is extremely complicated, I am not expert in it, at all.

Senator KERR. Well, suppose that the statement made by one witness here, who is recognized as not only a national, but a world authority on the subject, is correct when he said that he knew of no possible way to hold the importation of foreign oil products to the proportionate levels of 1954 in the absence of legislation. Would you say that that answer was of sufficient significance that this committee should consider legislation to implement the recommendation of your Cabinet Committee?

Secretary DULLES. No; I would think not.

Senator KERR. Well, your Cabinet Committee said quite positively—

recommends that in the future the imports of crude oil and residual fuel oils * * * * * * appropriate action should be taken.

And if, as a fact, there is no way whereby imports of crude oil and residual can be prevented from exceeding significantly those proportions in the absence of legislation, wouldn't you say that this committee should give due consideration to the enactment of legislation?

Secretary DULLES. The report said: "The Committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention." That report was made on February 26. Only 3 weeks have gone by to make an effort. Good progress has been made. For the Committee now to conclude that the efforts that

are contemplated here are hopeless after 3 weeks would, I think, not be justified.

Senator KERR. I am glad you say that progress has been made. Would you enlighten the committee on that?

Secretary DULLES. Only to the extent that I am told that a very considerable number of importing companies have stated that they are prepared voluntarily to curtail imports.

Senator KERR. Suppose that the Congress enacted legislation, Mr. Secretary, to implement the recommendation of your Committee. Would you think that that was inappropriate?

Secretary DULLES. It is hard for me to reconcile congressional action with voluntary action, but perhaps they can be, I don't know.

Senator KERR. Well, suppose that Congress passed legislation, the effect of which would be to leave it to voluntary action until voluntary action demonstrated its inadequacy, and then the legislation directed that the recommendation of this Committee be made effective if it were not otherwise effectuated?

Secretary DULLES. I don't think it is proper for me to try to answer questions about a highly complicated industry which I personally know very little about. If voluntary action fails, then the President might recommend legislation to the Congress. But whether it would be the same type of legislation as you are talking about, I don't know.

Senator KERR. Well, it the President recommended legislation that doesn't mean that that would be the only legislation the Congress might consider, would it?

Secretary DULLES. No. However, I, as a member of the executive branch of the Government conform to what is the decision which is reached at Cabinet levels with the approval of the President.

I do know this—of course, you know far better than I—that it is not possible to have just a simple act of legislation which says you shall not have imports more than a certain percentage, 10 percent, or whatever it might be, to make that effective you have got to follow it up with a whole series of rules, regulations, and requirements, which in the end will amount to something like a socialization of industry.

Now, when you get into that field I am not competent to give any worthwhile opinion.

(Off the record discussion.)

Senator KERR. You were talking about the standards of living in Venezuela. And I want to say that I share your interest in the standards of living in Venezuela. You are not any more interested in the standards of living in Venezuela than you are in the coalfields or the oilfields of America, are you?

Secretary DULLES. No.

Senator KERR. And you believe that Congress has just as much responsibility in considering legislation and its effect upon the standards of living in this country as giving due consideration to the effect of it on the standards of living in other countries?

Secretary DULLES. Yes, sir.

Senator KERR. Do you think that the level of imports that have been reached in previous years—let's say, 1953 and 1954—have made a great contribution to the standards of living in Venezuela? They have, haven't they? That was your statement.

Secretary DULLES. Yes, sir.

Senator KERR. Now, then, if Congress finds not only that a continuation of that, but the likelihood of its further improvement, is impairing the standards of living of thousands of Americans, then the Congress should give due consideration to that situation and meet its responsibility if it feels that it otherwise wouldn't be met, shouldn't it?

Secretary DULLES. There are other factors, also to be taken into account. You have got more than relative standards of living to be taken into account. You have got to take into account the security of the United States at a very critical moment in history.

Senator KERR. Well, that is a matter about which Congress not only should but must consider in the light of its own ability to consider, and in the light of all the other factors before it, isn't it?

Secretary DULLES. Yes.

Senator KERR. Now, it has been said here by other witnesses—I don't believe it was by you—that the purchase or the importation of oil to the extent we import it from Venezuela has given them the purchasing power whereby they have become the second largest customer of this country in this hemisphere.

I believe that you did say something about that. But other witnesses have enlarged on it from the standpoint of the purchasing power that was thereby given to the Venezuelans for American products. You think that is an important factor, don't you?

Secretary DULLES. It is an important factor, but it is not a factor which lies primarily within my jurisdiction.

Senator KERR. I understand. But you feel that is an important factor?

Secretary DULLES. Yes.

Senator KERR. Now, let me ask you this question. Which do you think is the more beneficial to the American economy, $500 million a year of purchasing power by Venezuelans, of which we could not hope to get more than a part, and $500 million additional of purchasing power on the part of Americans, which would benefit the whole economy? I am asking you this question solely from the standpoint of the vigor of American economy.

Secretary DULLES. In my opening statement I said that I thought that that was a very important factor. I said that that was not a consideration which I was qualified to discuss. I said that—

quite apart from the international situation it can be powerfully argued that the Trade Agreements Act should be extended because it promotes essential exports of agricultural and manufactured goods, and the consequent gainful employment. However, others are more competent than I to advise you that quite apart from the domestic considerations major international factors are involved.

I am not an economist, it is not my business to study the internal conditions of the United States. Others have that responsibility. My job is to tell you that in my opinion the failure to enact this legislation will have very grave effect upon the international situation and the security of the United States.

Senator KERR. Let me say to you, Mr. Secretary, that I hope we can enact this legislation, I sincerely do.

Secretary DULLES. Yes.

Senator KERR. But my hope also is that we can enact it in such a way that it will not only help promote our situation in the world, but reinforce it at home.

Secretary DULLES. Yes.

Senator KERR. And that is the reason I am asking you these questions. I am not asking you these questions as one who hopes this legislation will not be enacted in some form.

Secretary DULLES. What I am saying, sir, is that I cannot answer your question because I am not an economist, I do not know what are the particular products that are exported, I don't know the degree of employment that is created thereby, I am just not in a position to go into that equation.

Senator KERR. I want to say to you that I think your lack of self-confidence in that regard is not justified, but I am bound to respect it.

The CHAIRMAN. Senator Malone?

Senator MALONE. I think you have contributed a great deal to clearing the air here when you demanded that this new organization, including GATT, the General Agreement on Tariffs and Trade, be brought in simultaneously with this bill now before us, Mr. Chairman.

Now, for further clarification as to what is intended, a dispatch in the Washington Post and Times Herald of March 22, on Tuesday, says:

Waugh said it was the plan of the administration to present the new agreement to Congress for ratification—

this agreement, incidentally, that he has signed—

"at the earliest possible date" after a decision had been taken by Congress on the bill to extend the Trade Agreement Act."

Now, speaking mostly to the chairman—and if I misstate the situation, I hope, Mr. Secretary, you will correct me, because I have already commented on your testimony, and I think you are trying to do a good job in presenting to this committee what the President can do under this act and why you believe that he should be able to do it. And I have a high regard for you in doing just that, whether we agree on it or not, that remains to be seen.

I certainly do not agree with you in many cases, but that has nothing to do with the fact that you are making a good witness.

Mr. Chairman, the thing that it is intended to present to this committee is the new organization, that is, the Organization for Trade Cooperation. Now, the Organization for Trade Cooperation is a reorganized GATT, General Agreement on Tariffs and Trade, that is, as to structure.

Is that correct, Mr. Secretary?

Secretary DULLES. Yes.

Senator MALONE. Mr. Chairman, I ask that the protocol of organizational amendments to the General Agreement on Tariffs and Trade be inserted in the record. It is a very careful document, and I think it should be printed in the testimony.

The CHAIRMAN. Without objection, it will be inserted.

(The Protocol is as follows:)

PROTOCOL OF ORGANIZATIONAL AMENDMENTS TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments which are contracting parties to the General Agreement on Tariffs and Trade (hereinafter referred to as "the contracting parties" and "the General Agreement" respectively),

Desiring to effect amendments to the provisions of the General Agreement in connection with the establishment of the Organization for Trade Cooperation,

Hereby Agree as follows:

1. PART I

The following amendment shall be made to the provisions of the General Agreement:

A

The second, third, fourth and fifth sentences of paragraph 2 of Article XXIII shall be deleted.

B

(i) The title of Article XXV shall be deleted, and the following title shall be inserted in place thereof:

"The Organization for Trade Cooperation";

(ii) Paragraphs 1, 2, 3, 4, and 5 (a) of Article XXV shall be deleted, and the following three paragraphs shall be inserted in place thereof:

"1. The Organization for Trade Cooperation, established by the Agreement bearing the date of 10 March 1955, shall give effect to those provisions of this Agreement, which provide for action by the Organization and such other provisions as involve joint action, and may carry on any other activities with respect to the General Agreement which are provided for by the Agreement establishing the Organization.

"2. All contracting parties shall, as soon as possible become Members of the Organization.

"3. Those contracting parties which have accepted the Agreement on the Organization for Trade Cooperation may decide at any time after the entry into force of that Agreement that any contracting party which has not accepted it shall cease to be a contracting party."

C

The following shall be inserted after the words "a contracting party" at the end of paragraph 4 (c) of Article XXVI (prior to the amendment pursuant to Section U (i) of the Protocol Amending the Preamble and Parts II and III of the General Areement):

", and shall also be deemed to be a Member of the Organization"

D

Article XXXI shall be amended by the deletion therefrom of the words "of Article XXIII or".

E

Article XXXIII shall be amended to read as follows:

"A government not a contracting party to this Agreement may accede thereto on terms to be agreed between such government and the Contracting Parties: *Provided* that such government has accepted the Agreement on the Organization for Trade Cooperation. Decisions of the Contracting Parties under this paragraph shall be taken by a majority comprising two-thirds of the contracting parties."

F

Annex I shall be amended to include the following Note to Article XXXIII:

"AD ARTICLE XXXIII

"Similarly, a government, acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of other matters provided for in this Agreement, may accede to this Agreement on behalf of that territory on terms applicable thereto;"

G

The expression "Secretary General of the United Nations" or "Executive Secretary to the Contracting Parties" shall be deleted and the terms "Director-General of the Organization" shall be inserted in place thereof, wherever either

such expression occurs in the provisions of paragraphs 3, 4, 5, or 6 of Article XXXXVI, or of Article XXI, of the General Agreement, and wherever any such provision may hereafter be amended to contain either such expression.

H

Except for the cases covered by Section G of this Part, the expression "Secretary-General" or "Executive Secretary" shall be deleted and the term "Director-General" shall be inserted in place thereof, wherever either such expression occurs in the provisions of paragraph 4 or 5 of Article XXVI of the General Agreement, and wherever any such provision may hereafter be amended to contain either such expression.

I

Except for those cases covered by Section G the expression "CONTRACTING PARTIES" shall be deleted and the word "Organization" shall be inserted in place thereof, together with consequential grammatical adjustments, wherever such expression occurs in the provisions of the General Agreement, other than Articles II, III, XXIX, or XXX thereof, annexes relating to such articles, or Schedules to the General Agreement, and wherever such provisions may hereafter be amended to contain such expression.

PART II

The following amendment shall be made to the provisions of the General Agreement:

AA

The words "CONTRACTING PARTIES (i. e., the contracting parties acting jointly as provided for in Article XXV) concur" shall be deleted from paragraph 6 (a) of Article III, and from such paragraph as it may hereafter be amended, and the words "Organization for Trade Cooperation (hereinafter referred to as 'the Organization') concurs" shall in each such case be inserted in place thereof.

BB

The expression "Secretary-General of the United Nations" or "Executive Secretary to the Contracting Parties" shall be deleted from paragraph 2 of Article XXX of the General Agreement, and from such paragraph as it may hereafter be amended to contain the second such expression, and the term "Director-General of the Organization" shall in each case be inserted in place thereof.

CC

Except for those cases covered by Sections AA and BB of this Part, the expression "Contracting Parties" shall be deleted and the word "Organization" shall be inserted in place thereof, together with consequential grammatical adjustments, wherever such expression occurs in the provisions of Articles II, III, XXIX or XXX of the General Agreement, of the Annexes relating to such articles, or of the Schedules to that Agreement, and wherever such provisions may hereafter be amended to contain such expression.

2. This Protocol shall be deposited with the Executive Secretary to the Contracting Parties to the General Agreement and, after the entry into force of the Agreement on the Organization for Trade Cooperation, with the Director-General of that Organization.

3. This Protocol shall be open for signature by the contracting parties to the General Agreement until 15 November 1955: *Provided*, That the period during which this Protocol may be signed may in respect of any contracting party, by a decision of the Contracting Parties, be extended beyond that date.

4. The Executive Secretary to the Contracting Parties to the General Agreement, or the Director-General of the Organization, as the case may be, shall promptly furnish a certified copy of this Protocol, and a notification of each signature thereto, to each contracting party to the General Agreement.

5. Signature of this Protocol in accordance with paragraph 3 of this Protocol shall be deemed to constitute acceptance of the amendments set forth in Parts I and II in accordance with Article XXX of the General Agreement.

6. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

7. (a) The amendment set forth in Part I shall become effective, in accordance with the provisions of such part and of Article XXX of the General Agreement, following its acceptance by two-thirds of the governments which are then contracting parties: *Provided*, That such amendment shall not become operative prior to the day on which the Agreement on the Organization for Trade Cooperation has entered into force pursuant to paragraph (c) of Article 17 thereof.

(b) The amendment set forth in Part II shall become effective, in accordance with the provisions of such Part and of Article XXX of the General Agreement, following its acceptance by all the governments which are then contracting parties: *Provided*, That such amendment shall not become operative prior to the day on which the Agreement on the Organization for Trade Cooperation has entered into force pursuant to paragraph (c) of Article 17 thereof.

8. After a period has been specified under paragraph 2 of Article XXX of the General Agreement, any contracting party which has not signed this Protocol may do so with a reservation that it does not accept the amendment set forth in Part II hereof.

IN WITNESS WHEREOF the respective representatives, duly authorized to that effect, have signed this Protocol.

DONE at Geneva, in a single copy, in the English and French languages, both texts authentic, this tenth day of March one thousand nine hundred and fifty-five.

Senator MALONE. Now, Mr. Secretary, is it correct that only the organizational features will be presented to the Congress, which means the agreement that Mr. Waugh signed has nothing to do with any action under the Organization in regard to tariff reductions or trade agreement at all, but only the organizational features which are now part of the record, that you will present to Congress?

Secretary DULLES. That is what I understand the President's intention to be.

Senator MALONE. Do you agree that the President had the authority to organize GATT and to work under GATT, the General Agreement on Tariffs and Trade, and that it is the organizational features of this new organization that are now to be submitted so that the new organization may have the legality through the approval of Congress, that is, to have the approval of Congress so that, without doubt, the organizational features, the reorganization of GATT may be approved?

Secretary DULLES. Yes, sir.

Senator MALONE. Now, it says in this release:

The Department is preparing and plan shortly to publish the texts of the amendments showing their relationship to the General Agreement on Tariffs and Trade.

This is only a reorganization.

The agreement of the Organization for Trade Cooperation is intended primarily to provide permanent arrangements for the administration of GATT—

the General Agreement on Tariffs and Trade.

In other words, what you are asking to be approved here will merely be the organization which will then be in a position to administer the General Agreement on Tariffs and Trade, and everything that it has done—the things that it has done are not coming before Congress, that is my point, the negotiation of the Organization for Trade Cooperation was a fulfillment of that part of the President's message to Congress on March 30, 1954, in which he said:

The United States would seek the renegotiation of the GATT's organizational provisions and that he would submit them to the Congress for its approval—

nothing about what it has done or is about to do, but the type of organization that will administer the General Agreement on Tariffs and Trade.

Senator KERR. May I ask a question there, Senator?

Senator MALONE. Yes.

Senator KERR. Is it your position that Mr. Waugh, or our group, of whom he is a part, has already signed trade agreements in the organization known as GATT, and that they are now in effect?

Senator MALONE. No; he has signed, as I understand it, the reorganizational features of the General Agreement on Tariffs and Trade, which is now to be called the Organization for Trade Cooperation.

Senator KERR. Haven't they made trade agreements in that form?

Senator MALONE. It is merely an organization to enforce and to continue to administer the agreements made under GATT.

Senator KERR. But the agreements have already been signed and are in effect.

Senator MALONE. The agreements have been in a process of being signed since 1947.

Senator KERR. Twenty years.

Senator MALONE. 1947, only since that time has GATT administered these particular provisions.

Of course, the organization—the authority for GATT—correct me, Mr. Secretary, if I am wrong—was laid down in the 1954 Trade Agreement as amended. And there has been no question of its authority to operate. But now this organization to administer GATT is the Organization for Trade Cooperation, and only the organization features will be submitted to Congress, nothing about trade agreements or anything of the kind.

In addition, the Organization would be empowered to sponsor international trade negotiations and to serve as an intergovernmental forum for the discussion and solution of other questions relating to international trade. The Organization's structure would include an assembly, consisting of all the countries party to GATT.

I want to point out also that the New York Times Dispatch of March 21 said that there would be an Executive Committee of 17 members. I want to point out that that corresponds almost exactly to the international trade organization that I discussed on the Senate floor late in May 1949, when I said:

> I ask the Senate to mark that carefully. The administrative functions of the international trade organizations are now to be vested in an Executive Board of 18.

And I go on to explain just how this operated, and on what it would operate—which was a very dangerous organization. I will not comment on this organization at this time, but it looks to me like it is the same kind of an organization as GATT.

Now, it goes on to say:

> The creation of a permanent body—

that, is this Organization for Trade Cooperation—

> to administer the GATT would also make possible the better enforcement of the trade rules protecting the more than 50,000 tariff concessions that have been negotiated and incorporated in the agreement.

This is the General Agreement on Tariffs and Trade—50,000 tariff changes.

> The OTC would also facilitate settlement of trade disputes which could give rise to international tension in the free world.

Now, we are talking about quotas, Mr. Secretary. And you did have to get special permission from this new organization to conform to article 22, section 22, of the act of 1950, did you not?

Secretary DULLES. We got the agreement of the other member countries.

Senator MALONE. Now, if you were to—perhaps the distinguished Senator from Oklahoma would be interested in this next question—under this agreement the President's authority, you think, would extend to fixing quotas under certain conditions?

Secretary DULLES. Yes.

Senator MALONE. But if you were to fix quotas on oil, for instance, you would also have to get the consent of the other members of this organization?

Secretary DULLES. Not if it came, as I assume it to, under the so-called escape clause.

Senator MALONE. Now, you have opened up something I didn't intend to take up for a few minutes. But as long as you are on it, the President of the United States has the full authority as far as the escape clause is concerned, regardless of what the Tariff Commission or any other agency that you might consult might say. He is the sole judge as to whether the escape clause is to be invoked or not, is he not?

Secretary DULLES. Yes, sir.

Senator MALONE. And the statement in regard to the peril point, just so we clear it all up at one time?

Secretary DULLES. I think so.

Senator MALONE. Well, don't you know that that is a fact?

Secretary DULLES. Yes, that is correct.

Senator MALONE. Those are important points, because we have been led to believe through various comments and statements made by witnesses and others, over a period of years, that there is always a sure way out, that nobody would be injured.

And as a matter of fact, hundreds have already been injured. But the President is the judge of whether or not the good done the entire country for the improvement of foreign relations, or for the improvement of relations between industries in this country, justifies invoking the escape clause or the peril point, regardless of what the Tariff Commission says.

Secretary DULLES. Yes.

Senator MALONE. I hope that settles that business permanently.

Now, Mr. Secretary, you have been here quite a while, and I don't want to tire you, because you have made a good witness, and I admire you for it. Whether I agree with you or not, makes no difference. We can have our friendly relations without agreeing on everything. You are aware, of course, that the Constitution of the United States sets up three branches of government? That is just a form question.

Secretary DULLES. Yes, sir.

Senator MALONE. And you are, of course, cognizant of the fact that article 1 of the Constitution sets down what the legislative branch shall do?

Secretary DULLES. Yes, sir.

Senator MALONE. And in section 8 of that article, it says that the legislative branch shall regulate foreign commerce, what we refer to as foreign trade, and shall fix the duties, imposts and excises that we generally refer to as tariffs and import fees?

Secretary DULLES. Yes, sir.

Senator MALONE. You are aware, then, that in 1934 we transferred that authority to the executive branch through an act of Congress known as the 1934 Trade Agreements Act—transferred the constitutional responsibility of Congress to the Executive to do this particular job?

Secretary DULLES. I wouldn't put it that way, sir.

Senator MALONE. How would you put it?

Secretary DULLES. I would put it, that the Congress delegated a carefully restricted authority in this field to the President.

Senator MALONE. And within the limit they transferred to the President their constitutional responsibility, and set the limit—in the first act he could manipulate the tariffs 50 percent, could he not?

Secretary DULLES. I believe so.

Senator MALONE. He could also, then, consider these additional features—as I have already outlined, for the purpose of the record—the relationship between industries in this country, agriculture, mining, manufacturing, et cetera, and he could also consider the political repercussions and friendship of foreign nations in the process?

Secretary DULLES. Yes.

Senator MALONE. And then later, there was an amendment to the act to give him another 50 percent leeway for reduction of tariffs, was there not?

Secretary DULLES. I believe so.

Senator MALONE. Then a total, if he exercised them both—and he did in a good many instances—of 75 percent effective reduction?

Secretary DULLES. Yes, sir.

Senator MALONE. Now, you are asking for an additional 15 percent in this act?

Secretary DULLES. Yes, sir.

Senator MALONE. Now, Mr. Secretary, I want to ask you a question. If the Congress can do this by a simple act, which some of us think changes the Constitution of the United States without submitting it to the people—that, however, is in the courts now, and I hope that they settle it—but if they could do that, transfer the constitutional responsibility of the legislative branch to do a specific thing, couldn't they, by the same principle transfer any authority that the President might have, administrative authority, to the President of the Senate by a legislative act? The President of the Senate would be a handy person.

Secretary DULLES. I suppose that the——

Senator MALONE. They could pass such an act?

Secretary DULLES. I suppose that the extent to which the Congress has a right to delegate, it also has a right to choose to whom it delegates.

Senator MALONE. Well, it delegates to the President of the United States its own constitutional responsibility, so could it not delegate any authority of the President to administer the act—to the President of the Senate—couldn't they pass such an act?

Secretary DULLES. I suppose they could, yes. They certainly could pass it.

Senator MILLIKIN. Will you suffer an interruption, Senator?

Senator MALONE. I would like to follow this through, but I certainly will yield to the distinguished Senator from Colorado.

Senator MILLIKIN. When you are talking about delegating it to the Congress, you are talking about the administrative power under proper standards, you are not stating that the Congress can take the sole responsibility and determine the power and delegate it to the President, are you?

Secretary DULLES. No, sir. I tried to make that clear, that all he has delegated is administrative authority or discretion exercised within narrow limits which the Congress, itself, has determined.

Senator MILLIKIN. The Supreme Court has decided case after case that you couldn't delegate constitutional power, you can delegate administrative power under proper standards. Is that what you mean?

Secretary DULLES. That is what I mean.

Senator MALONE. Now that we have that straightened out, in any case, the Congress of the United States, in the 1934 Trade Agreements Act did delegate to the President of the United States the authority, the constitutional responsibility of Congress to administer and regulate the duties, imposts and excises, what we call tariffs, or import fees, and to regulate foreign commerce, to the President of the United States.

Secretary DULLES. It delegated it certain discretion in that field, yes. I would not like to say that it delegated its authority.

Senator MALONE. It delegated its responsibility.

Secretary DULLES. I think it was the exercise of its authority, myself.

Senator MALONE. It delegated its responsibility to the President to carry out within specified limits.

Secretary DULLES. Well, it is perhaps a choice of words. I would say exercised its authority in this way. You say delegated its authority.

Senator MALONE. I hope it has the authority. What it actually did, however, was to change the Constitution of the United States to that extent. Instead of Congress carrying it out, or administering it, or however you word it, they fixed the responsibility on the President of the United States, within a limit of 50 percent, to rearrange the duties on any article that he saw fit. That is right, isn't it, the first act?

Secretary DULLES. Well, yes. To use Senator Millikin's words, within prescribed limits in accordance with the prescribed standards it delegated a certain discretion.

Senator MALONE. Well, as a matter of fact, if they had made it 99 percent it would have been in the same category, would it not, as 50 percent?

Secretary DULLES. This question of delegation is always a question of degree. It is not only possible, legal, but absolutely physically necessary that there be a measure of delegation in the sense that no one person can personally exercise all of the authority which he has. He has to find agents, representatives, who carry out his wishes in respect to the subject matter.

Senator MALONE. Mr. Secretary, we are taking an awful lot of time about this. Let me ask you this question again. I want to phrase this question so that you can answer it honestly as you have all the rest.

The Congress of the United States through the 1934 Trade Agreements Act put the authority in the hands of the President to regulate duties, impose excises, what we call tariffs or impost fees, within a range of 50 percent, did they not?

Secretary DULLES. Yes.

Senator MALONE. Now, if they had made it 99 percent it would have been just as legal as it would at 50, would it not?

Secretary DULLES. No, I doubt it. I say these are all matters of degree.

Senator MALONE. If it had been 25 percent there would be no question of its legality, or 50 percent, but if it were 60 there might be.

Secretary DULLES. That illustrates my point of view.

Senator MALONE. Now, when they gave him another 50 percent, which made it a total of 75 percent, do you think they were stretching the legal amount a little bit, or was it still legal?

Secretary DULLES. I think that the addition of a possible 5 percent per annum for 3 years would not be any stretching at all.

Senator MALONE. I didn't ask you that yet. I asked you about the additional 50 percent to make a total of 75 percent, if he exercised both of them—which was done in some cases, so that he lowered the tariff actually 75 percent. Isn't that true?

Secretary DULLES. Yes, sir.

Senator MALONE. Do you think that is getting pretty close to the point of illegality? Of course, I don't follow you in the amount of latitude. If you are going to fix any latitude at all, then there would have to be somebody to judge it, and Congress is the best judge of what latitude you are allowed. You think it might be illegal if it gives him too much latitude, but you don't think 75 percent was too much?

Secretary DULLES. It might be if it were done all at once. But each time the Congress has legislated in relation to an existing situation. Today the existing situation is a present level of tariffs. And I believe that under the tariff, safeguards are laid down here that a further reduction of existing tariffs by as much as 5 percent per annum for each of 3 years would not be excessive.

Senator MALONE. You don't believe the 75 percent was too much?

Secretary DULLES. I say, if it had all been done——

Senator MALONE. Still within the legality?

Secretary DULLES. I say, if it had been done at once it might have presented a question.

Senator MALONE. Mr. Secretary, you are not going to tell me—I don't think you will—that you are a judge on 5,000 products, that you are to judge as a shot-gun opinion that 50 percent wouldn't have been too much, are you? If it was 50 percent, so that it injured an industry, and was illegal, of course the whole thing would have been illegal. But I don't think it hinges on that. It hinges on the authority of Congress to delegate that authority. But you and I are not going to argue that. Let's assume for the purpose of my question that they had the authority to do it—which I do not believe they have. But they gave him 50 percent leeway in the beginning. And you say you think that was all right, if he had exercised the 50 percent all at once it would be illegal.

Secretay DULLES. I think so. I wasn't sitting as judge in the case.

Senator MALONE. Well, you are the one that brought in this matter of the amount, whether it was legal or not, questioning legality if it was too much at a time. I don't see that that has anything to do with it. But I want to get your ideas in the record.

Secretary DULLES. Could I illustrate?

Senator MALONE. Yes.

Secretary DULLES. If I had the responsibility for a trust fund, I might very well delegate to a secretary the right to draw checks against that fund for not to exceed $10 for petty cash purposes. But I do not think it would be justified to give that same person the right to draw the entire fund that was in my care.

Senator MALONE. Would that have anything to do with the legality of it if you wanted to give it to her?

Secretary DULLES. I think it would have something to do with the legality.

Senator MALONE. Of course, if the board of directors authorized a secretary to write checks they would probably bond him in any case. But would it make any difference in legality whether they wanted him to draw a check for $100,000 or $1,000 or $1?

Secretary DULLES. Yes, I think it would.

Senator MALONE. You are a lawyer; I bow to your opinion.

Secretary DULLES. I used to be a lawyer: put it that way.

Senator MALONE. I think it would be bad judgment, but I do not see how it would affect the legality, unless the corporation bylaws limited the board of directors.

Secretary DULLES. I think that it would be beyond the bounds of proper discretion myself.

Senator MALONE. That, of course, is another matter. I think it would be. And I think Congress has gone clear beyond the proper bounds. But I do not see how the Supreme Court is going to consider that angle of it, because Congress, whatever authority they do have, has the final word in legislation as long as it is constitutional. Isn't that true?

Secretary DULLES. I didn't catch your last sentence.

Senator MALONE. Isn't Congress its own judge as to how far it goes as to legislation providing the principle is constitutional?

Secretary DULLES. Yes, of course. The Supreme Court has the last word.

Senator MALONE. Yes. But do you think there is anything in the Constitution that would make a difference in the decision of the Supreme Court as to whether they get 50 percent or 95 percent leeway?

Secretary DULLES. As I say, I haven't practiced much law recently. And I would probably be rusty on it. But I myself would say that there is a question of degree when it comes to delegating responsibility.

Senator MALONE. Well, I would say to you, Mr. Secretary, that if you were running a business that depended for its existence on duties or tariffs to make up that difference in the wage standard of living here, and taxes, and the cost of doing business in the United States, as compared to the chief competitive countries, that when you give them 50 percent you give them the right to break the industry. And I don't think anyone will question that statement when they go into the facts of each case. But that doesn't enter into it. You and I have covered that field. You have the right to do it in your opinion under the act, and if the President judges that it will benefit the United States by so doing. You have testified to that, haven't you?

Secretary DULLES. Yes.

Senator MALONE. I don't question your testimony, I merely want to complete the record.

Secretary DULLES. I understand.

Senator MALONE. So that I now come back to the fact that if the Congress of the United States can delegate its authority to the President, its constitutional authority—and you have no compunction in saying, of course, that the Constitution does put that responsibility right on the legislative branch, does it not, of fixing the duties, imposts and excises, and regulating foreign trade?

Secretary DULLES. Yes.

Senator MALONE. All right. You might question the degree. But if it is constitutional to transfer that responsibility, however it is administered—whatever it is determined to be, to the President, then, is there anything that would prevent the Congress of the United States, if it got irritated enough—and I can see it might sometime—from passing an act and taking away a certain constitutional responsibility of the President to administer in certain fields and giving it to the President of the Senate? The President might veto it, but pass it over his veto—if it is legal to transfer it one way, wouldn't it be legal to transfer authority and responsibility another way, and within prescribed limits, just as you have described here?

Secretary DULLES. If I understand you right, you are suggesting now that one branch of Government would take away the authority——

Senator MALONE. I am not suggesting they shall, I don't think they should, but the fact of the matter is that they have. So the Congress of the United States has delegated its constitutional responsibility to another branch of the Government entirely, and they have in effect said so within the prescribed limits—which to me is as wide open as a barn door, and another question entirely. When they did that I think they violated the Constitution. But if they didn't violate it in transferring the constitutional responsibility of Congress, within prescribed limits, to the Executive, how would they violate it by transferring some duty of the President to the President of the Senate within certain limits?

Secretary DULLES. Because one can always delegate discretion over what one has, but it is another thing to take away from another what belongs to him.

Senator MALONE. Well, let's see if it is. There is only one way it can be done, I suppose—you are a lawyer—and this is new legislation, if it can be done at all it would have to be legislation. Suppose the Executive agreed to it and recommended that Congress transfer a duty. Let's put it on that basis, that the Congress transferred one of its duties in administration to the President of the United States, and he agreed to do it, then within certain prescribed limits could it be done in your opinion?

Secretary DULLES. I believe that the President has the same authority to delegate, the same legal principles apply as to delegation by the President as to delegation by the Congress.

Senator MALONE. In other words, he could delegate any power that he has to the Congress within prescribed limits?

Secretary DULLES. Within prescribed limits, and to exercise it in accordance with prescribed standards.

Senator MALONE. My only point in bringing this out is that there would be no end of it if it is followed through to a logical conclusion. Yet it does seem to me—and I have expressed it many times—that if we want to delegate a responsibility of Congress to the Supreme Court or the Executive, we should amend the Constitution of the United

States, and then there would be no doubt about it, and the people would be satisfied, because they would have an opportunity to pass on it. Now that was my idea of bringing that to your attention.

Senator MILLIKIN. Would you yield a minute?

Senator MALONE. Yes.

Senator MILLIKIN. I would like to bring to the Secretary's attention the fact that the Constitution sets out three branches. We cannot constitutionally impose the legislative functions on the Supreme Court. We cannot impose executive functions on the Congress. I think that answers the question. That is what the Constitution has to say about it. And in case after case it has been determined that you can't delegate an executive function to a court. By the same token you can't delegate strictly legislative functions to the President.

Senator MALONE. That is exactly what some of us think you have done. And that is in the court now. And I am not going to argue it with the senior Senator from Colorado. And I don't expect that his arguments here would have any weight in the courts. If he wants to enter as a friend of the court, he can do that.

Senator MILLIKIN. What I am suggesting is that it has been decided by the courts, not by me.

Senator MALONE. There is some question about that.

Senator MILLIKIN. There isn't the slightest question about it.

Senator MALONE. Of course, you are deciding this in your mind.

Senator MILLIKIN. Of course I am.

Senator MALONE. And I am quoting it for that point.

Senator MILLIKIN. What is the point?

Senator MALONE. I didn't get it myself.

Senator MILLIKIN. You didn't get it, but I am sure Secretary Dulles got it.

Senator MALONE. All I am saying is that there is a suit in the district court—I have great respect for the senior Senator from Colorado, but if he is going to argue that case here——

Senator MILLIKIN. I am not arguing a case. I don't know what the case is. I am simply stating fundamental fact, fact that every student of law knows about, that the difference in the branches of Government is maintained by the courts.

Senator MALONE. Now, everybody knows that. The question is whether we have delegated the legislative authority, and that is what the doubt is about. And also it is on the legality of GATT, as the chairman so ably outlined.

Senator MILLIKIN. I am not quarreling about any of that. I have more objections to GATT than you have.

Senator MALONE. You probably have a greater capacity to disagree, I will put it that way.

Are you finished?

Senator MILLIKIN. I have finished.

Senator MALONE. Now, Mr. Secretary, after all these flareups I wanted to be sure that I understand it—I think you are making a good witness, I still think so. You are making it entirely clear what you believe and what you think the President can do under this act, which is a very necessary thing for the purpose of considering the extension of this act.

Now, do you agree that if we do not extend this act, do not extend the 1934 Trade Agreements Act, either through H. R. 1 or a modi-

fication thereof, that any product upon which there is no trade agreement will revert immediately, after midnight, June 12 of this year, to the Tariff Commission under the 1930 act?

Secretary DULLES. Would revert to what?

Senator MALONE. You had better finish your conversation, and then I will restate it.

Have these men identified themselves?

Mr. KALIJARVI. Thorsten Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs.

Mr. CORSE. Carl D. Corse, Chief of the Division of Trade Agreements and Treaties.

Senator MALONE. I crossed your trail the other day. I hope we have you here by yourself sometime. I think you are a very important personage in this general agreement on tariffs and trade. I have read some of the record.

And I think further, Mr. Chairman, that when you get down to that second and third echelon there under the Secretary of State it won't have changed much in about 21 years, especially in the last 5 or 10 years.

Now, Mr. Secretary, to state this question over again, do you agree that if we do not extend this act as the 1934 Trade Agreements Act, either under H. R. 1 or a modification thereof, or in some other manner, that any product—and there are more than 5,000 such products—upon which no trade agreements have been made, the regulation of the duties on those products reverts to the Tariff Commission under the 1930 Tariff Act?

Secretary DULLES. The situation would certainly revert. Now, I just don't know to whom it would revert.

Senator MALONE. Well, there is no other organization, is there, but the 1930 Tariff Act, setting up or changing to a certain extent the duties of the Tariff Commission?

Secretary DULLES. I take it that if the act is not extended the actual duties will remain precisely as they are today.

Senator MALONE. They will remain precisely as they are today, but they will revert to the Tariff Commission's jurisdiction under the 1930 Tariff Act, and it may make changes under that law that it may consider necessary. It that right?

Secretary DULLES. I just don't know, I am sorry.

Senator MALONE. Well, you have a couple of very fine advisers there, it would be a good time to bring them into the picture.

Secretary DULLES. Yes, I think what you have said is correct.

Senator MALONE. Yes, I think it is a routine thing. But I just wanted to complete the record. As a matter of fact, that is all I have ever had to discuss with you. it is just to make a record, so we can discuss it later.

Now, all the trade agreements now in effect, regardless of whether we extend the act or not, remain in full force and effect even beyond a 3-year period, until such time as the President of the United States should communicatewith the country with which such trade agreements have been made and demand cancellation. Isn't that true?

Secretary DULLES. Yes.

Senator MALONE. Now, at any time he may do that. Is he confined to the 3 years before he can do that, or can he do it before the 3-year period is up?

Secretary DULLES. I think he can now do it at any time.

Senator MALONE. Then he can do it at any time. I agree with you, but I wanted to be sure. You are an authority on that subject. You are right in the middle of it.

Secretary DULLES. I am not an authority on it.

Senator MALONE. Well, you have advisers right at your side, and I think you should be informed. But at any rate, at any time he can demand cancellation after the 3 years' time for which an agreement has been made.

Secretary DULLES. Yes.

Senator MALONE. That covers the entire situation. If he did demand a cancellation of all the trade agreements by appropriate order, then the regulation of foreign trade, foreign commerce, through the regulation of the duties, imposts, and excises that we call tariffs or import fees, would again be with the Tariff Commission, an agent of Congress. That would be true, wouldn't it, under the 1930 Tariff Act?

Secretary DULLES. Yes.

Senator MALONE. Now, in the 1930 Tariff Act there is set down specifically one criterion for fixing duties. They have no leeway at all in considering the relationship between industries in this country, or the political relationship of foreign nations, just one criterion alone, and that is on the basis of fair and reasonable competition. They determine the difference in cost under our wage standard of living and taxes and costs of doing business, as compared to the chief competitive nation on each product, and recommend that to be the tariff. Isn't that true?

Secretary DULLES. I think so.

Senator MALONE. Now, many of us think the Tariff Commission is prepared to do a very good job in that regard, and, presuming that they made the right determination, the producers of each particular product upon which they pass it, would have equal access to their own American market. In other words, it is not confined to giving an American the advantage or a foreigner the advantage, but it is to give each equal access to these markets on the basis of fair and reasonable competition. Is that about the sense of section 336?

Secretary DULLES. I think so. I am not very familiar with that act, but I don't question you.

Senator MALONE. Well, I would like to have Mr. Corse's opinion there. It is very expert, there is no doubt about that.

The CHAIRMAN. If the Senator will permit me, I think Mr. Corse will be before the committee on Monday, and he can answer that.

Senator MALONE. He will be available to us on Monday?

The CHAIRMAN. Yes.

Senator MALONE. That will be very helpful.

Secretary DULLES. I have an important engagement at 2 o'clock, and I would appreciate it if I could get away by that time.

Senator MALONE. I will be through in a few minutes. I have yielded a lot, but I am not sorry, because I am not the senior member of this committee, and I want everyone to have a fair break.

I can hasten it a little bit, Mr. Chairman, if I could ask one question and have this 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 inserted into the record.

The CHAIRMAN. It may be put in the record.

(The document referred to follows:)

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

HAVING RECEIVED the request of the United States Government for a waiver of the provisions of Article II and Article XI of the General Agreement with respect to certain actions by the United States Government required by the provisions of Section 22 of the United States Agricultural Adjustment Act of 1933, as amended (hereinafter referred to as Section 22), which are not authorized by the Agreement,

HAVING ALSO RECEIVED the statement of the United States:

(a) that there exist in the United States governmental agricultural programmes (including programmes or operations which provide price assistance for certain domestic agricultural products and which operate to limit the production or market supply, or to regulate or control the quality or prices of domestic agricultural products) which from time to time result in domestic prices being maintained at a level in excess of the prices at which imports of the like products can be made available for consumption in the United States and that under such conditions imports may be attracted into the United States in abnormally large quantities or in such manner as to have adverse effects on such programmes or operations unless the inflow of such imports is regulated in some manner;

(b) that the Congress of the United States therefore enacted Section 22 which requires that restrictions in the form either of fees or of quantitative limitations must be imposed on imports whenever the President of the United States finds, after investigation, that such products are being or are practically certain to be imported in such quantities and under such conditions as to render ineffective or materially interfere with any programme or operation undertaken by the United States Department of Agriculture or any agency under its direction with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof, with respect to which such a programme is being undertaken, and has required the President not to accept any international obligation which would be inconsistent with the requirements of the Section.

(c) that import restrictions can be imposed under Section 22 only when the President finds that imports are having or are practically certain to have the effects for which Section 22 action is required, and then, except as provided by law in emergency situations, only after investigation by the United States Tariff Commission, after due notice and opportunity for hearings have been given to interested parties; that while import restrictions may be imposed in emergency situations before an investigation by the Tariff Commission, the continuance of such restrictions is subject to the decision of the President as soon as the Commission has completed an immediate investigation; and that fees imposed under Section 22 cannot exceed 50 per cent ad valorem and any quantitative limitation of imports under that Section cannot be such as to reduce the quantity of imports of the product below 50 per cent of the quantity entered during a representative period as determined by the President; and that except in the case of those products where it is impracticable to limit production or marketings or the United States Government is without legislative authority to do so, the products on which Section 22 controls are now in effect are subject to limitation upon domestic marketing which in turn affect production;

NOTING:

(a) that, 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 crops 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 to it;

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

THE CONTACTING PARTIES

DECIDE, pursuant to paragraph 5(a) of Article XXV of the General Agreement and in consideration of the assurances recorded above, that subject to the conditions and procedures set out hereunder the obligations of the United States under the provisions of Articles II and XI of the General Agreement are waived to the extent necessary to prevent a conflict with such provisions of the General Agreement in the case of action required to be taken by the Government of the United States under Section 22. The text of Section 22 is annexed to this Decision;

DECLARE that this Decision shall not preclude the right of affected contracting parties to have recourse to the appropriate provisions of Article XXIII; and

DECLARE, further, that in deciding as aforesaid, they regret that circumstances make it necessary for the United States to continue to apply import restrictions which, in certain cases, adversely affect the trade of a number of contracting parties, impair concessions granted by the United States and thus impede the attainment of the objectives of the General Agreement.

CONDITIONS AND PROCEDURES

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 XXII 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 programs 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). At the time of such notification the provisions of the General Agreement are waived to the extent necessary to permit such restrictions to be applied under the General Agreement, subject to the review herein provided, and as declared above, without prejudice to the right of the affected contracting parties to have recourse to the appropriate provisions of Article XXIII.

5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds that 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.

ANNEX TO THE DECISION

SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1933, AS REENACTED AND AMENDED

Section 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, Seventy-fourth Congress, approved 24 August 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, 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 by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify (7 U. S. C. 624 (a)).

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for con-

sumption during a representative period as determined by the President: *And provided further*, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine. In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President (7 U. S. C. 624 (b)).

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law No. 320, Seventy-fourth Congress, approved 24 August 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States (7 U. S. C. 624 (c)).

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section (7 U. S. C. 624 (d)).

(e) Any decision of the President as to facts under this section shall be final (7 U. S. C. 624 (e)).

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section (7 U. S. C. 624 (f)).

PUBLIC LAW 50, EIGHTY-SECOND CONGRESS, SECTION 8(A)

In any case where the Secretary of Agriculture determines and reports to the President and to the Tariff Commission with regard to any agricultural commodity that due to the perishability of the commodity a condition exists requiring emergency treatment, the Tariff Commission shall make an immediate investigation under the provisions of section 22 of the Agricultural Adjustment Act, as amended, or under the provisions of section 7 of this Act to determine the facts and make recommendations to the President for such relief under those provisions as may be appropriate. The President may take immediate action, however, without awaiting the recommendations of the Tariff Commission if in his judgment the emergency requires such action. In any case, the report and findings of the Tariff Commission and the decision of the President shall be made at the earliest possible date and in any event not more than 25 calendar days after the submission of the case to the Tariff Commission.

COMMODITIES FOR WHICH IMPORT CONTROLS ARE NOW IN EFFECT PURSUANT TO SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (OF 1933) AS AMENDED

A. Quotas

1. *Cotton and cotton products.*—Annual quotas currently are in effect for these items:

	Quota
(a) Long staple cotton (1⅛ in. or longer but less than 1 11/16 in.)	45,656,420 lbs.
(b) Short staple cotton (other than harsh, under 1⅛ in.)	14,516,882 lbs.
(c) Harsh or rough (under ¾ inch)	70,000,000 lbs.
(d) Cotton waste	5,482,509 lbs.

2. *Wheat and wheat products.*—

(a) Wheat	800,000 bu.
(b) Wheat products (flour, semolina, crushed or cracked wheat, and similar wheat products)	4,000,000 lbs.

3. *Manufactured dairy products* (Initial controls effective July 1, 1953).—Annual quotas have been established for these items:

	Pounds
Butter	707,000
Dried whole milk	7,000
Dried buttermilk	496,000
Dried cream	500
Dried skim milk	1,087,000
Malted milk and compounds or mixtures of or substitutes for milk or cream	6,000
Cheddar cheese [1]	2,780,100
Edam and Gouda cheese	4,600,200
Blue mold cheese [2]	4,167,000
Designated Italian type cheese [3]	9,200,100

[1] Cheddar cheese and cheese and substitutes for cheese containing or processed from cheddar cheese.
[2] Blue mold (except Stilton) cheese and cheese and substitutes for cheese containing, or processed from, blue-mold cheese.
[3] Italian-type cheeses made from cows' milk in original loaves (Romano made from cows' milk, Reggiano, Parmesano, Provolone, Provotelle, and Sbrinz).

4. *Peanuts.*—Annual global quota of 1,709,000 pounds shelled basis, July 1–June 30.

5. *Oats* [4] *hulled or unhulled and unhulled ground oats* (Initial controls effective December 23, 1953). Imports are limited to 40 million bus. during the period October 1, 1954–September 30, 1955.

6. *Rye,* [4] *rye flour and meal* (Initial controls effective April 1, 1954). Imports are limited to 186 million pounds in the period July 1, 1954–June 30, 1955.

7. *Barley,* [4] *hulled or unhulled, including roller barley, ground barley, and barley malt* (Initial controls effective October 1, 1954). Imports are limited to 27,500,000 bushels in the period October 1, 1954–September 30, 1955.

B. Fees

8. *Filberts.*—During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 6 million pounds.

9. *Almonds.*[5]—During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 5 million pounds.

10. *Flax seed.*[5]—50 percent ad valorem.

11. *Linseed oil.*[5]—50 percent ad valorem.

12. *Peanut oil.*[5]—Ad valorem fee of 25 percent on imports in excess of 80,000,000 pounds.

Senator MALONE. On page 3 it says:

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 programs would not have such effects.

I get from it that any nation, a member of this organization—and we have joined it already, at least we are a member of the General Agreement on Tariffs and Trade, and the other is simply a reorganization of that, may invoke section 22, but if any nation, a member of this organization, should question whether that need be invoked, then the United States will defend itself before the organization and give its reason for it. Is that true?

Secretary DULLES. The organization has no authority to make a decision which would overrule us in that matter. We undertake, as we understand it, to look into the matter and judge it ourselves, but we do not accept the overriding authority of the organization to impose its views upon us.

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[4] Seed approved for planting pursuant to the Federal Seed Act is not subject to control.
[5] Not a listed item in schedule XX.

Senator MALONE (reading):

When investigating with respect to import restrictions on additional products, representations with regard to—

these are the representations the United States would have to defend itself against before this organization—

The effect of imports of any product upon any program 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 program or operation is undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programs will not have the effects required to be corrected by section 22.

In other words, you must defend your position, if they don't think it would have the effect you argue it would have in order to invoke section 22. My point, Mr. Secretary, so I can cut it down from the language used here, is that whenever any other nation, if we enter this organization—and we have, Mr. Waugh signed it, and we are in the General Agreement on Tariffs and Trade in any case, you don't get out any further or get in any further—but you must defend yourself, present the evidence that you are so effective. Do you understand that?

Secretary DULLES. Yes.

Senator MALONE. And that would be before this organization, the organization of the nations that Mr. Waugh has now signed.

Secretary DULLES. It would not have the right to adjudicate the matter and require us to take the imports. We do undertake to justify it before the bar of public opinion, you might say, justify our position.

Senator MALONE. And that would be 33 foreign nations and us—34 of us altogether?

Secretary DULLES. Yes.

Senator MALONE. In other words, we have 33 to 1?

Secretary DULLES. Well, no, because it wouldn't always line up that way.

Senator MALONE. Well, it wouldn't always line up that way, but you are defending yourself before 33 other nations, and they don't live here, and they don't know much about the Kansas farmer, and Iowa, and so forth, that got this legislation through Congress with the help of us, do they? They are looking at it cold turkey as to whether or not you are actually injured if you don't do it this way. And that is what you are defending.

Secretary DULLES. Yes.

Senator MALONE. Now, this is the reason for my question: On page 3 of your release it says:

It was decided at Geneva that requests from these countries for a temporary waiver from the obligation to eliminate quantitative restrictions—

that was your section 22 Agricultural Extension Act—

when the balance-of-payments justification for them no longer existed would receive sympathetic consideration on a case-by-case basis.

In other words, any country can come and do that, but it would be considered on a case-by-case basis. That is what you understand, isn't it, Mr. Secretary?

Secretary DULLES. Yes.

Senator MALONE. Your release further says:

Under the terms of the waiver the United States will submit an annual report to the contracting parties with actions taken under the waiver.

In other words, we report annually to the organization just what we have done about it. That is true, isn't it?

Secretary DULLES. Yes.

Senator MALONE. (reading):

The existing GATT article dealing with this problem was almost completely rewritten and the result is a new article which would permit underdeveloped countries greater flexibility in modifying tariff rates and in imposing other restrictive measures when necessary for economic development.

I understand by virtue of giving the United States leeway to invoke section 22 of the act they were given additional flexibility in regulating their own tariffs.

Secretary DULLES. Yes, partly.

Senator MALONE. And restrictions of different kinds.

Secretary DULLES. Yes.

Senator MALONE. And, of course, you and I understand that they have practically all of these restrictions all of the time. We have already reviewed that, that they have exchange permits, import permits, export permits. I think a hundred percent of the nations have exchange permits and import and export permits. But some of them have even raised their duties. This gives them further leeway. Now attention was also directed to the problem of export subsidies. New provisions were formulated that would require GATT countries not to use export subsidies on primary products so as to obtain for themselves more than a fair share of world trade.

That, of course, was what they thought we were doing by making up that extra 60 or 75 cents a bushel on wheat; they were raising so much difficulty and giving us such a bad time about it. According to the dispatch in the Wall Street Journal, we were asking for the things that we objected to their doing for several years. That is about it.

In the field of nonprimary products no new or increased export subsidies would be permitted under the amended GATT, and a re-examination of the problem would be held before the end of 1957 to determine whether existing export subsidies on nonprimary commodities could be abolished or whether the stand-still could be extended for a further period. The present GATT provisions simply require countries to submit reports on their subsidies to the contracting parties.

Now, I understand, too, by signing this agreement that—and I will read this now, and I think that will end the discussion—if the Secretary agrees that is is a fact. One of the major achievements of the conference—was an agreement to extend the assured life of the tariff agreement from June 12, 1955, the present expiration date, to December 31, 1957. Now, that is clear, I presume, Mr. Secretary, and that is what the effect would be of signing this agreement.

Secretary DULLES. Yes.

Senator MALONE. Mr. Chairman, I would like to have permission to insert any reasonable paragraph here and there that I may have left out on cross-examination.

I think the Secretary has made a fine witness; I think he has been entirely honest in his answers. And I congratulate him.

Secretary DULLES. Thank you.

Senator MILLIKIN. Mr. Chairman, I want very briefly to say that it has been suggested that each member of the committee be furnished

with a complete copy of GATT, that the new changes, or all the old changes, should be indicated so that the committee need not go through a mass of protocol and amendments in order to find out what GATT is now; also an analysis of old GATT section by section. These can be prepared and sent to the committee.

Could that be done?

Secretary DULLES. Yes.

Senator MILLIKIN. I think that will be easy to do, won't it?

Secretary DULLES. I don't think it will be easy, but it will be done, I hope more promptly than your letter was answered.

Senator MALONE. One more thing. And that is, on pages 8 and 9 of the release the figures are mentioned in column I and column II, "Contracting parties on March 1, 1955" and "Contracting parties on March 1, 1955, and Japan," and it gives all the figures for each party to the agreement with their percentage of participation. Could I have that included in the record? There is about a page and a half of that.

The CHAIRMAN. That will be included.

(The documents referred to follow:)

PERCENTAGE SHARES OF TOTAL EXTERNAL TRADE TO BE USED FOR THE PURPOSE OF MAKING THE DETERMINATION REFERRED TO IN ARTICLE 17 (BASED ON THE AVERAGE OF 1949–53)

If, prior to the accession of the Government of Japan to the general agreement, the present agreement has been accepted by contracting parties the external trade of which under column I accounts for the percentage of such trade specified in paragraph (c) of article 17, column I shall be applicable for the purposes of that paragraph. If the present agreement has not been so accepted prior to the accession of the Government of Japan, column II shall be applicable for the purposes of that paragraph.

	Col. I Contracting parties on Mar. 1, 1955	Col. II Contracting parties on Mar. 1, 1955, and Japan		Col. I Contracting parties on Mar. 1, 1955	Col. II Contracting parties on Mar. 1, 1955, and Japan
Australia	3.1	3.0	India	2.4	2.4
Austria	.9	.8	Indonesia	1.3	1.3
Belgium-Luxembourg-The Netherlands	9.0	8.8	Italy	2.9	2.8
Brazil	2.5	2.4	New Zealand	1.0	1.0
Burma	.3	.3	Nicaragua	.1	.1
Canada	6.7	6.5	Norway	1.1	1.1
Ceylon	.5	.5	Pakistan	.9	.8
Chile	.6	.6	Peru	.4	.4
Cuba	1.1	1.1	Rhodesia and Nyasaland	.6	.6
Czechoslovakia	1.4	1.4	Sweden	2.5	2.4
Denmark	1.4	1.4	Turkey	.6	.6
Dominican Republic	.1	.1	Union of South Africa	1.8	1.8
Finland	1.0	1.0	United Kingdom	20.3	19.8
France	8.7	8.5	United States of America	20.6	20.1
Germany, Federal Republic of	5.3	5.2	Uruguay	.4	.4
Greece	.4	.4	Japan		2.3
Haiti	.1	.1	Total	100.0	100.0

NOTE.—These percentages have been computed taking into account the trade of all territories in respect of which the General Agreement on Tariffs and Trade is applied.

The CHAIRMAN. We thank you for your time. I often wonder how you carry the great burdens that you do carry. As one Senator I want to express my appreciation for your public service.

Secretary DULLES. I greatly appreciate that.

(By direction of the chairman the following are made a part of the record:)

UNITED STATES SENATE,
Washington, D. C., March 23, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. CHAIRMAN: My attention has been called to a loophole in H. R. 1, the trade agreements extension bill, which I should like to call to your attention so that it can be corrected by your committee.

This loophole, which I am certain was unintentionally included, poses the danger that some industries—notably the textile industry, already suffering heavy unemployment as you know—could be discriminatorily subjected to tariff reductions considerably greater than those intended by the bill and contrary to the spirit of the bill and the Reciprocal Trade Agreements Act. Specifically, I refer to the discrepancy between the dates in subparagraphs (D) and (E) on pages 4 and 5 of H. R. 1. Subparagraph (D) provides authority to reduce tariffs by 15 percent of their July 1, 1955 levels. But the President's present authority to lower tariffs by 50 percent of their 1945 levels, due to expire on June 12, 1955, is extended by subparagraph (E) for commodities now subject to negotiations at the Geneva Conference past June 12, 1955. Thus those industries on the list of Geneva—of which textiles, our most vulnerable industry from a tariff viewpoint, are ironically the most important—could be subjected first to a sweeping reduction at Geneva under subparagraph (E) before July 1; and then be subjected to still further reductions in those new tariffs after July 1 under the present language of subparagraph (D).

I am certain you will agree that it is unfair to subject any industry to this double jeopardy, and that your committee, in considering the many amendments to this bill which spokesmen for our New England industries have presented, will increase public confidence in this important measure by eliminating this loophole—a step which could be accomplished simply by striking, on page 4, line 13, the words "July 1, 1955," and substituting therefor, "June 12, 1955."

I shall appreciate very much your taking the steps necessary to correct this oversight in the language of H. R. 1.

Sincerely yours,

JOHN F. KENNEDY.

STATEMENT OF SENATOR EDWARD MARTIN OF PROPOSED AMENDMENT TO H. R. 1 LIMITING IMPORTS OF PETROLEUM

On March 2, 1955, Senator Matthew M. Neely introduced an amendment to H. R. 1, which, among other things, would limit the amount of imports of foreign oil that may be brought into the United States. In this amendment, I joined as a cosponsor, as did Mr. Allott, Mr. Barrett, Mr. Beall, Mr. Bender, Mr. Bible, Mr. Carlson, Mr. Daniel, Mr. Dirksen, Mr. Kilgore, Mr. McClellan, Mr. Murray, Mr. O'Mahoney, Mr. Schoeppel, Mr. Welker, and Mr. Young.

This amendment would serve two objectives:

1. As to all commodities essential to security, it would implement the Symington amendment to the Trade Agreements Act, enacted last year, aimed at strengthening the national defense.

2. As to coal and oil, it would further implement the Symington amendment and also implement the report released February 26, 1955, of the Cabinet Committee on Energy Supplies and Resources Policy, which recognizes that the national defense requires that oil imports must be precluded from absorbing an ever-increasing portion of the domestic fuel market.

Excessive imports of foreign oil have caused staggering unemployment in the coalfields throughout the domestic coal industry and have caused serious injury to the coal-producing industry of this Nation. Excessive oil imports have had calamitous effects upon the local communities in the coal-mining areas and upon the economies of the coal-producing States. The railroads and thousands of their employees also have been vitally affected and are suffering serious injury. Similar effects have been suffered by the independent oil producers and the oil-producing States. Further injury to these basic industries is threatened. Because of the importance of the coal and petroleum industries to the national economy and their wide geographical distribution, the adverse effects have spread

beyond the local areas until now this is a problem of national concern. Of primary importance, one that goes beyond the adverse economic and social effects, this problem of excessive imports is one that seriously affects the national security. For this reason, it is a matter that deserves the careful attention of the Congress particularly at this time in view of the unstable status of world conditions.

The Neely amendment has as its basic principle the preservation of the national security of the United States. For that reason, it is drafted as an amendment to the Symington amendment of last year. The Symington amendment became section 2 of the Trade Agreements Extension Act of 1954. This provision of the existing law which is also aimed at preserving the national security reads as follows:

"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."

The Symington amendment for the first time recognized that the trade-agreements program should provide for special treatment and special consideration for materials needed for national defense.

Paragraph (b) (1) of the Neely amendment would implement the Symington amendment of last year. The Symington amendment provided that duties should not be reduced on materials if the result would threaten domestic production needed for national defense. The Neely amendment goes one step further. It provides that the President may take affirmative action, if need be, to protect domestic industries which the President determines to be essential to national security. The proposed amendment is not mandatory on the President unless he finds the industry to be essential to our security. If the President so finds then he is required to take such action as is necessary, including the imposition of import quotas or the increase in duties, to protect the domestic industry concerned. This provision of the amendment is not limited to relief for coal and oil. It provides a means for obtaining relief from import injury for any industry essential to defense such as lead and zinc, chemicals, fluorspar, textiles, electrical equipment, machine tools and the watch industry.

The second paragraph of the Neely amendment, namely, paragraph (b) (2), further implements the Symington amendment of last year by specifically treating with imports of petroleum. It also implements the basic principles of the recent report of the Cabinet Committee on Energy Supplies and Resources Policy which dealt specifically with the impact of oil imports on the domestic coal and oil industries.

Paragraph (b) (2) of the Neely amendment is two fold in its application:

First, it would limit the total quantity of petroleum, including crude oil, residual fuel oil or any other petroleum product, which may be imported into the United States in any calendar quarter of any year, to not more than 10 percent of the total domestic petroleum demand for the corresponding quarter of the previous year. Under this provision, the total quota (including oil for supplies for vessels at United States ports but excluding oil for manufacture and reexport) could be brought in as crude oil or as residual fuel oil or as any other product. In other words, this overall quota provision does not apply to specific products except that in no event may total imports exceed the 10 percent limit. Assuming that this provision were in effect during 1955, the application of it would be as follows:

Effect of overall 10 percent quota

[Thousands of barrels]

	Total domestic petroleum demand, 1954	Total petroleum imports permitted under 10 percent quota in 1955	Actual total imports in 1954	Reduction in total petroleum imports brought about by 10 percent quota
1st quarter	743,473	74,347	99,049	24,702
2d quarter	655,403	65,540	88,745	23,205
3d quarter	666,563	66,656	90,411	23,755
4th quarter	763,989	76,399	105,704	29,305
Yearly total	2,829,428	282,942	383,909	100,967
Daily average	7,752	775	1,052	277

Second, paragraph (b) (2) would limit the total quantity of residual fuel oil which may be imported into the United States for consumption therein in any calendar quarter to not more than 10 percent of the domestic demand for residual fuel oil for the corresponding quarter of the previous year. This special quota on residual fuel oil is purposely confined to residual fuel oil consumed within the United States. It does not include bonded residual fuel oil imported free of import tax for use as supplies for vessels at United States ports. In other words, under this provision 10 percent of the domestic demand for residual fuel oil during the previous year may be imported and, in addition, unlimited amounts may be imported for supplies for vessels, so long as the overall 10 percent quota is not exceeded. Assuming that this provision were in effect during 1955, the application of it would be as follows:

Effect of special import quota for residual fuel oil

[Thousands of barrels]

	Domestic demand for residual fuel oil in 1954	Residual fuel oil imports permitted under quota in 1955			Actual imports of residual fuel oil, 1954	Reduction brought about by quota
		10 percent of 1954 domestic demand	Imports for supplies to vessels in 1954 [1]	Total		
1st quarter	149,204	14,920	4,547	19,467	39,065	19,598
2d quarter	118,925	11,893	6,527	18,420	27,103	8,683
3d quarter	111,455	11,145	6,695	17,840	23,349	5,509
4th quarter	142,515	14,252	7,031	21,283	39,492	18,209
Yearly total	522,099	52,210	24,800	77,010	129,009	51,999
Daily average	1,430	143	68	211	353	142

[1] Assumed to continue at the 1954 level.

Paragraph (b) (2) also provides a safety valve against any shortage of fuels should such arise in the future. It confers upon the President the authority to suspend the quotas during any period in which he finds that fuel supplies are inadequate to meet national consumption. This is for the purpose of assuring consumers that they will not be faced with a shortage of supply because of the quotas.

This proposed amendment to H. R. 1 is not a drastic measure. It provides a reasonable cutback in oil imports. If in effect in 1955 it would permit total oil imports of 283 million barrels as compared with 384 millions barrels in 1954. This would not wreck our international trade relations. It would permit the continuation of a very strong healthy trade in petroleum. It would not disrupt Western Hemisphere solidarity which is so important to hemisphere security. If imports from the Eastern Hemisphere were eliminated Western Hemisphere imports could be continued at almost the 1954 level. This is significant in view of the fact that 1954 imports were at an alltime high. Western Hemisphere oil trade would be continued at a very high rate. The elimination of Eastern Hemisphere imports, before reducing Western Hemisphere imports, is logical and sound from the standpoint of both reciprocal trade and national defense. The Eastern Hemisphere countries which import oil into the United States have relatively little trade with us and from a defense viewpoint they certainly stand in a secondary position to Canada and other Western Hemisphere countries.

I wish to strongly urge the committee to adopt this proposed amendment to H. R. 1.

CALDWELL, N. J., *February 16, 1955.*

The Honorable H. ALEXANDER SMITH,
Senator for New Jersey, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: Being dependent for my job on the success of the American textile industry I cannot overlook the serious impact to our industry that is threatened by lower tariff on cotton fabrics or manufactures thereof.

Fully realizing the difficult problem of our Congress in trying to protect our jobs and our investments in the textile business, and at the same time to not

create any international problems by appearing to be placing obstacles in the way of our overseas "friends" in maintaining their own economy by preventing them from shipping cotton textiles and products thereof into the United States, at the same time, we know that in the contrary direction (exports to those countries), they thoroughly protect their own industries and we should do likewise.

One point that I hope that you will work for—even if you have to pass it on to some committee—is that the average consumer of products, such as garments, handkerchiefs, table napkins, tablecloths, and variety of other manufactured articles, has no means of knowing that the product being bought in the manufactured state was manufactured from material produced in a foreign country—is a situation that should be corrected immediately.

Cotton textile material (or rayons or other kindred lines) imported in the United States, must carry an identification mark stating that the fabric is "Made in ———," or "Manufactured in ———," or some similar wording. In the blank spaces, of course, would appear the country of origin.

When the fabric is imported here and gets into the hands of the manufacturer who is going to cut it up into garments, table napkins, towels, tablecloths, or whatever other finished product is to be made therefrom, no mark of any kind appears on the manufactured article to indicate that such product was produced from a fabric made in a foreign country.

This should be immediately corrected by a law requiring all products manufactured from a commodity like cotton or rayon textiles, imported in bulk, should have a label, made from a cotton strip or tape, sewn right into the hem or some part of the garment or article and plainly marked in some wording more or less reading as follows:

"This article made in United States of America from cotton or rayon fabric produced in Japan (or whatever producing country the cloth came from)."

A mere ticket which is lightly pasted on to the article made here from imported fabric, is insufficient, because labels can be willfully taken off or will fall off during display or while in storage. A buyer can very easily cut off the identification tag, if they so wish, without damaging the product.

I hope, soon, that you will find it possible to pass on this communication to a committee which will be able to bring this point up for discussion and hope therefrom will be enacted a law or an addition thereto, to provide this protection for the public (the consumer); irrespective of how the tariff is arranged, this requirement seems to me to be very essential for our protection.

Respectfully submitted.

Very truly yours,

ARTHUR WHITESIDE.

UNITED STATES SENATE,
Washington, D. C., February 23, 1955.

The Honorable HARRY F. BYRD,
Chairman, Senate Committee on Finance,
United States Senate, Washington, D. C.

DEAR HARRY: Congressman Paul A. Fino of New York has requested me to submit the enclosed proposed amendment to the Tariff Act of 1930 to the Senate Committee on Finance for its consideration.

This proposed amendment would permit an allowance of "drawback" to manufacturers of products to be exported when domestic petroleum is substituted for imported petroleum in the manufacture of such products. Pursuant to the request of my colleague, I am submitting this proposed amendment to you for consideration as chairman of the Senate Committee on Finance.

With kindest personal regards, I remain.

Sincerely yours,

IRVING M. IVES.

AMENDMENT TO TARIFF ACT OF 1930

Section 313 (b) of the Tariff Act of 1930, as amended, is further amended by designating it as section 313 (b) (1) and by adding thereto a new paragraph to read as follows:

"(2) If imported duty-paid crude petroleum or topped crude petroleum and domestic crude petroleum or topped crude petroleum are used in the manufacture or production of articles within a period not to exceed 3 years from the receipt of such imported merchandise by the manufacturer or producer of such articles,

there shall be levied upon exportation (or shipment to Puerto Rico) of any such article, notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported article, an amount of drawback equal to that which would have been allowable had the crude petroleum or topped crude petroleum used therein been imported; but the total amount of drawback allowed upon the exportation of such articles, together with the total amount of drawback allowed in respect of such imported merchandise under any other provision of law, shall not exceed 99 percent of the duty paid on such imported merchandise."

MEMORANDUM TO ACCOMPANY PROPOSED AMENDMENT TO TARIFF ACT OF 1930

The proposed amendment to section 313(b), Tariff Act of 1930, (19 U. S. C. (§ 1313(b)) attached hereto is designed to permit the substitution of domestic petroleum for imported petroleum in the manufacture of products to be exported with allowance of drawback without regard to the fact that such products may be manufactured wholly or in part from domestic petroleum.

"Drawback" is a refund of duty paid on the importation of merchandise when it is exported after work has been done on it in this country. The practice of allowing drawback is an established and fundamental part of the United States tariff policy. It has existed for well over half a century (see Rev. Stat. 3019, 3020). It permits American industry and labor to manufacture imported material into articles for exportation and sale in a foreign market in competition with foreign-made merchandise. This opens markets to American industry and labor which would not otherwise be available.

The scope of the early drawback law was extended by the Tariff Act of 1930 to permit the substitution of domestic for foreign materials in the case of sugar, nonferrous metal, or ore containing nonferrous metal, when it developed that manufacturers using these materials were compelled to segregate identical domestic and imported material in order to obtain drawback on the exported manufactured products. By this limited amendment of the law, the manufacturers to whom it applied were relieved of the burdensome obligation of this needless effort and expense and were permitted to substitute domestic for imported material, provided, however, that the total amount of drawback which they received did not exceed 99 percent of the total duties paid on imported materials. The advantages of this relaxation of the law were obvious. It permitted the manufacturers to obtain a drawback of duties on imported materials that were manufactured whether or not the actual imported materials were exported. At the same time, it safeguarded the Government by limiting the refund to 99 percent of the actual duties collected. In 1953, the benefits of this law were extended to include all metals, all ore containing metal, flaxseed, linseed, flaxseed oil and linseed oil (67 Stat. 515).

The purpose of the attached amendment is to obtain the same benefits for exported products made from petroleum when domestic petroleum is substituted in whole or in part for imported petroleum. At present drawback is paid only on products manufactured exclusively from imported petroleum.

In contradistinction to the products of other industries, imported and domestic petroleums are not separately marketed and manufactured. For the most part, the biggest domestic producers of petroleum are also the foremost foreign producers and importers. Aside from the Iron Curtain countries, American petroleum corporations either own or are the principal customers of the great oilfields of the world. The continued importation of petroleum is not a threat to our own oil industry. On the contrary, it furnishes a needed supplement to the supply of petroleum necessary to meet the enormous demands of the oil powered and lubricated American industrial machine. It preserves the oil reserves that are vital to the Nation in peace and in war.

The United States is both the biggest producer and the biggest user of petroleum products. Manufactured petroleum products that are exported, while substantial, comprise a very small portion of the total production. The great bulk of imported petroleum is manufactured and consumed in the United States. Except for drawback purposes, it is immaterial whether the exported articles are made from domestic or imported crude petroleum but as the law is now written, the refund of duties depends entirely upon establishing to the satisfaction of customs officials that the exported product is made from imported crude petroleum.

Both imported and domestic petroleum are transported from place to place in the United States through pipelines. At the refinery they are received in huge storage tanks and moved from one part of the plant to the other exclusively by pipeline. The manufacture of merchandise for export with benefit of drawback involves careful segregation of the imported crude petroleum with resulting delay, expense and inconvenience. The proposed amendment insures that the Government will not pay out drawback in excess of 99 percent of the duties actually received, but it enables a manufacturer who exports to obtain a refund of duties on exported products without the trouble of identifying the particular petroleum that has been manufactured and exported.

This is not a change in the rate and amount of duty applicable to petroleum. It is merely the curtailment of unnecessary red tape. It is also a means of eliminating waste in transportation. For example, a producer of domestic petroleum may have an adequate supply of a specific gasoline in a Massachusetts refinery made from domestic petroleum. It may have the same product at a Texas port made from imported petroleum. To fill an order for such gasoline in Nova Scotia, it must ship from Texas or lose the benefit of drawback, often vital in foreign competition. If the supplies were reversed and the order called for delivery in Cuba, the same waste in shipping would result. These situations are not uncommon, for petroleum products are sold in bulk to every corner of the world, and often the cost of transportation is the differential that places the order in the hands of a foreign, rather than an American, oil producer.

To summarize:

The present drawback law provides that when articles manufactured in the United States from imported materials are exported, 99 percent of the duty paid on such materials shall be refunded. In a number of instances, this law has been extended to allow the same refund of duties when domestic material is substituted for imported merchandise. This extension of the law has contributed to the efficiency of manufacturing operations by avoiding the delay and expense incidental to the segregation of domestic and foreign materials. It has also eliminated the costly clerical work of maintaining separate manufacturing records identifying such imported material and has relieved the Government of the corresponding burden of checking such records and the identity of the materials to which they pertained.

The petroleum industry would benefit by the extension of the same privileges to its exported products. The present requirements of segregation that is essential to an application for drawback is particularly burdensome to this industry because both imported and domestic crude petroleums are generally transported in the United States through pipelines and stored in huge tanks, making segregation difficult. Moreover, the manufactured products are sold in large bulk quantities and transportation to the point of delivery is often a substantial item in the sale. Unnecessary transportation could be eliminated by the proposed amendment with resulting savings to American manufacturers.

RIEGEL TEXTILE CORP.,
New York, N. Y., February 28, 1955.

Hon. HARRY FLOOD BYRD,
Senate Office Building, Washington 25, D. C.

MY DEAR SENATOR BYRD: The Senate Committee on Finance, of which you are a member, is in the process of considering tariff legislation recently passed in the House under bill H. R. 1.

I know that you would like to obtain all the available information on such a national problem. As the merchandise manager of the fabricating division of the Riegel Textile Corp., the nature of my work brings me face to face with some disastrous consequences, which are the direct result of our present policy of encouraging foreign imports. This company employs eight to nine thousand people in its various plants which spin, weave and finish cotton textiles. The fabricating division manufactures babies' diapers, work gloves, pillowcases, and kindred items. May I ask your serious consideration of the following aspects of this problem:

In recent months the importation of Japanese print cloths (the type of fabric used by us for our inexpensive pillowcases) has increased tremendously. In addition pillowcases cut and sewn in Japan from these same fabrics, woven and finished in Japan, have begun to appear here in increasing quantities at prices for below domestic cost of production. The rate of increase is alarming.

Here are the last figures available:
Imports of pillowcases from Japan:

	Units
July 1954	46,800
August 1954	131,400
September 1954	164,944
October 1954	125,964

Here is our cost production for a typical standard construction (pillowcase made from bleached print cloth 39-inch 68/72 4.75 construction size 42 by 36 inches before hemming).

	Per dozen
Riegel Textile Corp (domestic cost)	$3.36
Japanese landed price (about)	2.60

The items are identical. Much of the Japanese goods is being woven on American machinery, from American cotton, using labor averaging 13 cents per hour versus American labor averaging better than $1.25 per hour. This is only one easily understood example of a textile item which is being brought into this country and sold at far less than our domestic cost of production.

This combination of facts, if allowed to continue, can have only one result; the eventual elimination of a major section of the American textile industry and related industries, which today employ more American workers than any industry with the exception of food. This cannot be the desire of the American people. I feel that it is inconsistent with national policy to do anything that will wreck American economy. I understand the United States will have the opportunity to take action along these lines during the discussions on the Japanese Trade Agreement Treaty now underway.

For these reasons may I ask that you do all in your power to either defeat this legislation as it is now proposed, or insist that proper safeguards be written into the legislation to insure the survival of our domestic textile industry.

Very truly yours,

R. C. SCHULTHEISS.

STATEMENT OF GENERAL FEDERATION OF WOMEN'S CLUBS SUBMITTED BY MRS. THEODORE S. CHAPMAN, PRESIDENT, WASHINGTON, D. C.

I am Mrs. A. Paul Hartz, chairman of legislation for the General Federation of Women's Clubs, an organization chartered by Congress in 1901. We have 850,000 members who hold direct membership and almost 5 million affiliated members making a total of 5½ million members in the United States.

The General Federation of Women's Clubs has supported the reciprocal trade agreements program since 1938. This position has been reaffirmed and extended through 6-year resolutions passed in conventions in 1943, 1948, 1952, and in May of 1954 it declared:

"Whereas economic progress in the United States is tied closely to the economic progress of the rest of the world; and

"Whereas a program promoting economic progress in the United States must provide for an extension and a strengthening of economic ties with the rest of the world; and

"Whereas an accelerated flow of goods and of capital across national boundaries would contribute to economic progress everywhere: Therefore, be it

"*Resolved*, That the General Federation of Women's Clubs declares its belief that a gradual reduction of trade barriers between nations is necessary to an increased flow of goods in a world market and should be undertaken by the United States, and further sponsored as a world policy."

The members of the general federation belong to both political parties. We are bipartisan in all legislative matters. Our only yardstick is the general welfare of our Nation. We believe the free exchange of goods and services at home and abroad is the foundation of American strength and further, that the principles of free enterprise and free competition should not be confined to domestic borders but can and should be extended wherever possible to friendly nations.

Military strength is dependent upon economic strength. Foreign trade relations have become increasingly important in the diplomatic field. The nations of the free world, with the assistance of our foreign economic aid, technical assistance and related programs, have reestablished their war-ravaged economies to the

point where they are both able and willing to stand on their own feet. We believe these gains can be made secure by mutual reduction of unnecessary trade barriers.

Increased productivity and the ever-rising American standard of living demand large import and export markets. The General Federation of Women's Clubs believes women have a great stake in economic stability, for we know women spend a large proportion of the national income. As custodians of the family budget, we are interested in reasonable prices and full employment, both of which are dependent upon economic health at home and abroad.

We know that markets are necessary for economic survival. If we do not provide reasonable markets for the products of the other freedom-loving countries, they must of necessity turn to the countries of the Soviet bloc. As housekeepers, we appreciate the plight of the German industrialist who when asked if he traded with the East, said, "Yes, I do not dare put all my eggs in the basket of the West." We believe the guaranty of 3-year agreements would do much to alleviate this type of anxiety.

Finally, and most important of all, as wives and mothers we want peace. We are willing to give our best efforts to saving the lives of our husbands and sons and, indeed, those of our daughters, too. Peace demands sacrifice as well as war. We are willing to make some readjustment in our living in order to provide markets for our allies which will yield them dollars to buy our products and thus increase their opportunity to maintain economic stability. We call attention to the fact than many of the provisions of the bill are permissive rather than mandatory and that the emphasis is and should be upon the reciprocal nature of the agreements.

Mr. Chairman, we agree with your statement that this is a moderate bill. We believe the interest of American business will be sufficiently protected and that its provisions for mutual and reciprocal lowering of trade barriers will be a powerful stimulant to the free flow of trade among the freedom-loving countries of the world.

The General Federation of Women's Clubs reiterates its support of the reciprocal trade agreement program and earnestly urges the passage of H. R. 1.

DAN RIVER MILLS, INC.,
Danville, Va., February 25, 1955.

Hon. HARRY F. BYRD,
Senate Office Building,
Washington 25, D. C.

DEAR SENATOR BYRD: Because of the enviable reputation you enjoy in the Congress, and by virtue of the responsible position you hold as chairman of the important Senate Finance Committee, I am taking the liberty of writing you with reference to the Reciprocal Trade Act which will come to a vote in the Senate within the next few days.

Leaders in the textile industry, both management and labor, are unanimous in their conviction that a further lowering of textile tariffs will do irreparable harm to the industry and to the employees that depend upon it for their livelihood. The very fact of this unanimity, when so often in the past there has been diversity of opinion on the issues of the moment, is clear evidence of the deep concern we have with the administration's insistence on a lower tariff structure—an action that will grant to foreign producers easier access to our domestic markets, to the certain disadvantage of this Nation's textile economy.

How important is the textile industry to the Nation's business and agricultural economy? In December 1954, there were 1,089,400 employees engaged in the manufacture of textile mill products and an additional 1,182,100 employees engaged in the production of apparel and other finished textile products. This means that 1 out of every 8 employees engaged in manufacturing look to the textile and the closely allied apparel industries for employment and for the maintenance of their American standard of living.

While numbers are important, it is equally significant that many communities throughout the Nation depend upon textile mills for their existence. This is particularly true in the South, and is true in many communities in Virginia. While Virginia does not have the reputation of being primarily a textile State, as is the case in North and South Carolina, yet the textile industry in Virginia represents a considerable part of the State's manufacturing business. According to figures published by the Virginia Department of Labor and Industry, there were 58,300 workers in the textile and apparel industries in this State as

of December 1954. This represented 24 percent of all the manufacturing employees in Virginia. The 39,100 employees listed in the textile mill products industry alone exceeded the number in any other single industry group. Therefore, the economic well-being of the textile industry is important to Virginians, just as it is important to people in the other Southeastern States, in New England, and in the Middle Atlantic States.

Further, the textile industry is important in the Nation's economy because it is the primary market for our vast cotton agriculture. It is worth noting that this administration and those preceding it have been extremely diligent in providing supports to maintain the price of cotton at levels that would bring adequate income to cotton growers. It seems totally inconsistent to advocate a reduction in textile tariffs that will have the result of restricting the ability of the textile industry to consume American cotton and complicate the already complex situation in cotton agriculture.

Much more could be said, but I am certain it is not necessary to belabor the importance of a healthy textile industry to our total economy. More important is whether or not our industry will actually be damaged by the present vigorous effort to reduce tariffs.

At the present time, the Japanese are the lowest bidders in the world's textile markets. In 1954, Japanese exports of cotton cloth reached approximately 1,277 million square yards, or more than those of the United Kingdom and the United States combined. At the same time that the Japanese have made substantial inroads into export markets formerly available to United States producers, they made substantial inroads into our domestic market. They have increased their shipments to this country from 4,771,000 square yards in the third quarter of 1953 to 16,456,000 square yards in the like period in 1954. This represents a fourfold increase. Reports from Tokyo have claimed monthly shipments of 12 to 13 million yards each for October and November of last year. This tremendous percentage increase has been accomplished at present tariff levels. It follows the same pattern of progressive market invasion as took place in the depression years of 1934 to 1937 with respect to Japanese bleached goods.

The Japanese have an efficient textile plant. In addition, they can call upon an abundant supply of cheap labor. Wage rates in the Japanese textile industry average 13.6 cents per hour, as compared with $1.29 in the United States textile industry. In Virginia, in December 1954, average earnings in broad woven fabrics were $1.36—10 times the hourly earnings of Japanese textile workers. Granting that our industry is efficient and that our workers are capable and industrious, there is no possible way that this Nation's textile manufacturers can overcome a tenfold differential in wage levels.

A comparable situation exists in India and other foreign countries that are clamoring for access to American markets, the difference being merely a matter of degree.

It is abundantly clear that foreign producers can seize a portion of the domestic textile market as a consequence of their ability to underprice American goods. To the extent that they claim a portion of our domestic markets, they deprive domestic manufacturers of that business. This inevitably will lead to further curtailment and unemployment in an industry already burdened by overproduction and meager earnings (in 1954 less than 1 percent in relation to sales volume). The industry can hardly remain a bulwark to our economy, and to our national defense, if it is to be sacrificed to the interests of textile manufacturers in foreign nations.

It is my conviction that intelligent self-interest requires the maintenance of at least the present textile structure. I urge your efforts in combating the drive to make possible further reductions in tariffs at the expense of the American textile industry.

I am sending a similar letter to Hon. A. Willis Robertson.

Sincerely yours,

W. J. ERWIN, *President and Treasurer.*

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN,
MARYLAND STATE DIVISION,
Silver Spring, Md., February 26, 1955.

Senator HARRY F. BYRD,
Senate Office Building,
Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: The Maryland State Division of the AAUW urges passage of the Reciprocal Trade Agreements Act for at least 3 more years. 5 years would be better, since trade develops best when conditions are stable over a long period of time.

Friendly trade relations bring greater unity and cooperation among nations. The vitality of the American economy is due to vigorous competition and free enterprise. The world looks to the United States for the constructive leadership which will put trade among nations on as firm a basis.

Economic interdependence is an incontrovertible fact. Our economy cannot prosper without foreign markets. Our exporters will experience increasing difficulty in selling abroad unless we admit more imports. "Trade not aid" would lessen the dollar gap and expedite world trade. It is not sound to give away money and materials without accepting foreign products in return. Protection for one segment of the economy must not be allowed to interfere with national interests.

The peril point and escape clauses in the Reciprocal Trade Agreements Act should be eliminated as they discourage foreign producers from developing markets in the United States.

The power given to the President under the Reciprocal Trade Agreements Act is very reasonable. Within these limits, the President and not the United States Tariff Commission should have final say regarding a particular tariff. The bargaining power given to the President by this act enables him to reduce the tariffs of other countries and to assume a position of leadership in world trade relations.

In voting on this measure we sincerely hope you will consider the long-range soundness and stability of world trade relations rather than the shortsighted interests of a few special-interest groups. In self-defense, the time has come when we must practice what we preach or lose the respect of the rest of the world. Our position of leadership demands that we work to improve international relations at all levels even if it means some sacrifice.

Yours truly,

Mrs. L. O. REGEIMBAL,
Legislative Program Chairman.

LOS ANGELES, CALIF., *February 28, 1955.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Regarding Senate Finance Committee hearings on H. R. 1, Reciprocal Trade Act extension scheduled to commence March 2, this is to urge your support of this legislation both in the committee and on the Senate floor. Board of directors, Los Angeles Chamber of Commerce, reiterated longstanding policy on February 3 as follows: "We reaffirm our historical position, approving in principle the objectives and purposes of the Reciprocal Trade Agreements Act, granting the President limited time and authority to negotiate foreign trade agreements and tariff reductions with other nations on a gradual, selective, and reciprocal basis, providing such legislation incorporates legitimate safeguards for American industries, agriculture, labor, mining, and commerce."

CARL P. MILLER,
President, Los Angeles Chamber of Commerce.

STILLEY PLYWOOD CO.,
Conway, S. C., March 1, 1955.

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am writing you as chairman of the Senate Finance Committee which will soon consider H. R. 1 with reference to extension of tariff laws.

I am enclosing just a few facts on the hardwood plywood import matter. I assure you that the figures shown are from the Treasury Department and the Tariff Commission. The figures shown under unemployment, decline in work hours, loss in sales and profits, are from an industry audit. It won't take you 5 minutes to look this over.

Our industry is not fighting just to preserve a few products or a small part of our business from foreign competition; our very existence is at stake.

We have been taxed to death to send billions to foreign lands and now on the same theory, apparently, we are to be put in a position where we can't pay any taxes. We will have to liquidate our business if we don't get relief and the people that work for us, well, possibly, Japs might take care of them. I don't think it is right and I don't think it is fair and I doubt seriously that the people who are responsible for this whole free trade idea thought they would put whole industries out of business but, nevertheless, from a practical standpoint, that is what is going to happen unless H. R. 1 is amended in some way by the Senate.

If this bill were only amended to the extent that action by the Tariff Commission under escape-clause matters would be conclusive except for materials required for national defense and of insufficient supply in the United States. I have realized for many years that the old way of doing things, is over; that Federal bureaucracy and big government was here to stay but, frankly, I never thought I would be put out of business by my own Government, to benefit people in foreign lands. Senator, this matter as far as it affects my industry, is serious. It is a case of life and death for the industry. I expect if you go far enough, you will find that other American industries are going to be in the same boat.

The hardwood plywood industry has been granted a hearing on March 22 before the Tariff Commission for escape-clause relief, and I understand the Tariff Commission considers this the biggest thing of its kind they have ever handled. I can assure you that the industry will be well prepared to present its case. I mentioned this to you as I would like to suggest that you have a member of your staff, that is, a member of your personal staff, a member of the Senate Finance Committee staff attend this hearing. I am quite sure that you will want to have all the facts in connection with this problem and a direct report from a member of your staff on this hearing to you, I believe would be of help to you and your committee.

With kind regards.

Sincerely,

W. A. STILLEY, Jr.

THE FACTS ON THE HARDWOOD PLYWOOD IMPORT MATTER

Under the General Agreement on Tariffs and Trade the S. S. rate of duty has been cut from 50 percent to 15 percent on birch plywood and from 40 percent to 20 percent on other species. The latest reduction was under the Torquay agreement of 1950 which became effective in June 1951.

The plywood imported is made of hardwoods. The principal species volumewise are birch and lauan (Philippine mahogany). The grades, thicknesses, and types of glue are comparable to the domestic hardwood plywood.

Prior to 1950 the plywood imports were of a quantity that could be readily absorbed in the United States market. The principal exporting country prior to 1950 was Canada and the Canadian prices while lower, are sufficiently comparrable to the domestic prices so that competition by the domestic product is not foreclosed.

Since 1950 plywood imports have increased fantastically as evidenced by the following table:

Year	Quantity (thousand square feet)	Value for duty	Quantity increase	Percent increase
1950	63,362	6,671,492		
1951	73,870	8,928,202	10,508	16.7
1952	85,782	10,823,934	22,420	35.4
1953	220,425	20.047,173	157,063	248.0
1954	434,800	32,668,000	371,438	600.0

Japan and Finland are the principal countries of origin. Together these countries account for 73 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet; in 1951, 12 million square feet; in 1953, 105 million square feet, and in 1954, 289 million square feet or 66 percent of total imports—an increase over 1950 of 5,740 percent. Finland's exports of plywood to the United States have increased from 1.3 million in 1950 to 32.0 for 1954, an increase of 2,460 percent.

Effect of imports on domestic industry

DOMESTIC SHIPMENTS

Year	Quarter	Shipments (thousand square feet)	Year	Quarter	Shipments (thousand square feet)
1953	1st	233,732	1954	1st	169,027
1953	2d	219,738	1954	2d	166,544
1953	3d	176,637	1954	3d	177,340
1953	4th	172,027	1954	4th	205,325

SHARE OF DOMESTIC MARKET

Year	Domestic product	Imports	Year	Domestic product	Imports
1951	91.1	8.9	1954 (2d quarter)	67.0	33.0
1952	89.9	10.1	1954 (3d quarter)	58.9	41.1
1953	78.5	21.5	1954 (4th quarter)	53.3	46.7
1954 (1st quarter)	76.3	23.7			

UEMPLOYMENT—DECLINE IN WORK

19.3 percent reduction in force between first quarter 1953 and end of first quarter 1954. 26.8 percent reduction in work hours same period.

LOSS IN SALES AND PROFITS

First half 1954 against first half in 1953: dollar sales, 29 percent.
Operating profit: first half 1953, 7.9 percent; first half 1954, 0.25 percent.

UNFAIR COMPETITION FROM PLYWOOD IMPORTS

In 1953 Japan was the country of origin for 57 percent of all plywood imports. In 1954 Japan accounted for 66 percent. Finland accounted for 12.7 percent in 1953 and 7.3 percent in 1954. Japan and Finland accounted for over 73.3 percent of total plywood imports. In Japan the wage scale for a plywood worker is 11 cents an hour or about one-eleventh the average in the United States. In Finland the wage rate is 55 cents an hour or one-half that in the United States. Both Japan and Finland sell plywood to the United States at prices less than the domestic cost of a comparable panel. The Japanese are now offering firm contracts for one-eighth inch rotary Lauan door skins at prices ranging from $38 per thousand square feet to $51 per thousand square feet f. o. b. Japan. This would indicate a c. i. f duty paid price of approximately $50 to $65.

THE FUTURE

Finland has a capacity to produce in excess of 600 million square feet of plywood a year. Japan is presently producing at the rate of 1,400 million square feet a year. Neither Finland nor Japan can use 30 percent of their production in their home markets. Finland, therefore, has 400 million square feet to export and Japan a billion square feet. Japan alone has sufficient plywood for export to supply the entire United States market.

Japan ships two species to the United States, Birch and Lauan. Both are made in door skin sizes. The Japanese are presently concentrating on two markets, the flush door market and the stock panel market. Japan is now well established in the door market and as soon as that field is free from domestic competition, it will concentrate more on the stock-panel and the cut-to-size markets.

ACTIONS TAKEN

The HPI application for escape-clause relief has been accepted by the Tariff Commission. A hearing is set for March 22, 1955.

The HPI has asked the Tariff Commission to modify the concessions granted to foreign countries and to recommend the imposition of a quota. The Tariff Commission can only recommend. The President can accept or reject the Tariff Commission's recommendation.

NEW YORK, N. Y., *March 2, 1955.*

Hon. HARRY FLOOD BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D. C.:

The Netherlands Chamber of Commerce in the United States, Inc., whose activities are devoted to the promotion of two-way trade between the United States and the Netherlands strongly supports H. R. 1 to extend the Trade Agreements Act to June 30, 1958, as approved by the House of Representatives. It is our opinion that more liberalized and expanded world trade is vital to the prosperity of the free world.

J. F. VAN HENGEL, *President.*

DENVER, COLO., *March 2, 1955.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.:

Because of your limitation on witnesses, we are not applying for time for personal appearance. We are, however, strongly opposed to H. R. 1, and think it is serious mistake for Congress to assign even more of its tariffmaking powers to the Executive than has been the case prior to this time. We feel that the continued trend toward free trade despite the fact that the Unied States has now one of the lowest tariff schedules of any nation in the world is likewise a mistake. We think your committee should insure that there is no power granted the President to interfere with the proper working of the present escape clause and peril-point clause. Instead it would be far better to go in the other direction and make certain that the President honored the recommendation of the Tariff Commission in these matters. We refer you to my testimony before the House Ways and Means Committee, which is in line with our long-time policy in regard to foreign trade. Appreciate this telegram being inserted in the record of your hearings.

AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION,
F. E. MOLLIN, *Executive Secretary.*

RICHMOND LACE WORKS, INC.,
Boston 11, Mass., February 28, 1955

Re Trade Agreements Extension Act of 1955

Hon. HARRY FLOOD BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am writing to you on behalf of myself, our company, and the Levers lace industry, to urge you not to support the above bill known as

H. R. 1, as recently barely passed by the House of Representatives, because of the further tariff reductions allowed.

The present tariff levels for our industry are low enough, if not too low, now, to afford our industry any real protection from the much lower wage level and fringe costs existing, particularly in France.

The outbreak of the Second World War, in my opinion, was the only thing that saved our industry from annihilation. At that time the French laces were pouring into this country at price levels we manufacturers, here, could not begin to compete with.

I am very fearful that the same general condition will again exist. Just as soon as more normalcy returns to France and her other present foreign lace markets are satiated, French laces will again pour into this country in increasing volume at low prices that the American manufacturers cannot meet.

In addition, as I understand it, this bill H. R. 1 will take away from Congress all powers to control tariffs and place them, for all practical purposes, into the hands of the State Department, where international political considerations will subordinate the practical considerations of domestic industry protection.

Respectfully yours,

GORDON BUCKNAM, *President.*

THE EDWIN M. KNOWLES CHINA CO.,
Newell, W. Va., February 28, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR BYRD: As president of a company employing 800 pottery workers in a small community on the Ohio River, I ask for your intelligent vote on the tariff bill H. R. 1 which recently passed the House.

Our plant has been established for 54 years, and is only one of many located in small towns in which there is no other industry. We do not ask for a subsidy or a dole, but merely ask that you give consideration to the problems confronting the hundreds of American families who are engaged in this industry. These people have established their homes here, have built schools, and have a long heritage in these communities. They have no place they can move to without extreme sacrifice, and a very large percentage could not even be absorbed by other industry, even if such were situated in this vicinity. Our workers have grown up in the pottery industry, and many of them are way beyond an age at which they can learn new crafts or skills. The age of our workers is probably older than any other industry in the country.

The Japanese are our biggest competitors and earn on an average of only one-tenth our average worker's pay. They now can offer their merchandise, most of which is real china, at prices which are real bargains to the American housewife and at only a very small percentage higher than for our product which is semivitreous in nature. Tariffs on dinnerware are already reduced to the minimum and certainly need no further reduction, which could be granted under H. R. 1.

We really need a repeal of the present low tariffs on dinnerware, but at least ask that the present peril point and escape clause provisions be strengthened. Your cooperation will be greatly appreciated.

Very truly yours,

W. A. HARRIS, Jr., *President.*

PITTSBURGH, PA., *March 1, 1955.*

Subject: Foreign trade bill, H. R. 1.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR: I am personally very much interested in the foreign trade bill known as H. R. 1, and the effect it will have on American industry and in turn on jobs of the American worker.

As the result of a decline in business over the past 6 or 8 months I have been faced with the need of furloughing workers, both hourly and salary and I have no hesitancy whatsoever in informing you this task is anything but pleasant. As an example, I have been required on a number of occasions to release workers with large families; in one case the family had six children, the mother with a heart condition and the father with a stomach condition. Can

you imagine any task more unpleasant? The passage of this bill I personally feel will aggravate this situation rather than relieve it.

There is another detrimental effect we can anticipate as the result of the passage of this bill, namely, foreign competitors contribute very little to the cost of operating our Government when you compare our import duties to the vast amount of money all of us pay in our Federal income taxes. In the western Pennsylvania area at the moment practically all communities have wage taxes and here our foreign competitors will not contribute one penny. Foreign competition contributes not one penny to our community funds, our YM and YWCA and, since I personally am right now in the midst of soliciting funds for a $5 million YMCA and YWCA building fund in the Pittsburgh area, I feel we are being most unfair to solicit funds from American industry on one hand and our Federal Government is taking away from this same industry the wherewithal which would permit them to contribute.

Some years ago I was on an assignment in a foreign field and our customer had in the plant in which I was working some European-built equipment for which he needed renewal parts. I saw equipment stand idle for well over a year waiting for European-built renewal parts. I feel sure American ingenuity would not permit this to go on if we were to purchase European-built machinery but on the other hand, since European standards are so much different from American standards the task of transposing from one standard to the other could very seriously affect the production of items for our defense.

On the subject of our national defense I feel very definitely we would be putting our head in a noose and handing the loose end to a European power for him to jerk at will and render us helpless if we were to purchase European equipment for our defense plants. In the game we are playing today in the United States I caution you some of our one-time friends are now our most bitter enemies, and we just cannot afford to gamble with our future. I would be most remiss in my responsibilities as a United States citizen if I did not call your attention to my feelings on this bill and ask that you give serious consideration to the effect the bill's passage would have on the American industry.

I feel sure with these facts known to you and using your conscience as a guide you cannot to otherwise than refuse to vote for the passage of this bill.

I am sending a similar letter to Senators Martin and Duff of Pennsylvania.

Respectfully yours,

W. T. PITZER.

PITTSBURGH, PA., *February 26, 1955.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee, United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am urging you to vote against H. R. 1, the Reciprocal Trade Agreements Extension Act, in its present form.

I know that you are fully aware of the staggering impact and repercussions if H. R. 1 is passed in its present form. The blow to industry, labor, and commerce could reach unlimited proportions.

Tariff reductions undoubtedly would, due to cheap labor abroad, bring in many imports including heavy and light machinery and equipment, small scientific machinery and instruments, to say nothing of many other items.

With such influxes, we would be utterly unprepared and unable to maintain, keep in repair, and replace wornout or incapacitated imported machinery. In cases of emergency, we would have to depend upon the foreign manufacturers, who may be hostile to us at that time.

We cannot expect our manufacturers to suddenly repair and replace with like parts, foreign-made machinery and equipment, and this could prove fatal.

The manufacture of these things here in the United States means employment and advancement in science, skill, and know-how which are necessary if we are to remain strong and continue to be the leader in industry, business, and commerce and are to pioneer, forge ahead, and improve.

Unemployment following in the wake of such conditions could upset our economic balance, dislocate our framework of industry and commerce to the very serious and dangerous degree of weakening the security of the United States.

One of the questions and a very simple one, too, is "Do we want unemployment or its alternative, the drastic lowering of the standard of living of our citizens employed in our plants and kindred activities, in order to attempt to

meet this outside competitive wage situation?" The answer is, of course, "No."

We must keep our industry strong, it is our lifeblood and our best defense. Let us not lull ourselves into the complacent feeling that we can keep it from becoming anemic if we lower our tariffs to let in the unfair competition.

"Lest we forget."

It was our American ingenuity and industry that brought us successfully through the wars in which we became involved, in fact, it was American industry which made it possible to quickly convert to meet wartime needs and thus turn the wars into victories for our allies and for us.

Much, if not all, depended upon know-how, our mass production, and the availability of our plants to turn out the needed materials by skilled, well-paid, and well-nourished men and women—what would have been the situation had we been stocked and equipped with machinery of foreign make and design?

I know, as a former Member of the House of Representatives in the United States Congress, the problems constantly confronting you, and I urge you to vote against H. R. 1 in its present form and to guard our industry and labor—it is so vital to us.

With kindest personal regards, I am

Cordially,

HOWARD E. CAMPBELL.

SAVAGE ARMS CORP.,
Utica, N. Y., March 1, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am advised that the Senate Finance Committee is about to consider bill H. R. 1 to extend and enlarge the President's authority to engage in reciprocal-trade agreement negotiations and to further reduce tariffs.

I wish to express my opposition to this bill. It constitutes a serious threat to the industry of which this corporation is a part and can, therefore, have an adverse effect on a vital defense industry.

During the war the small-arms industry was able to greatly expand its operations in a short period of time to fill the small-arms needs of the Armed Forces. It was this industry that had technical personnel and experience to help carry the program forward.

In recent years, foreign competition has greatly increased, particularly in the shotgun field. This is now a serious situation for the industry, and further concessions would further endanger our position.

I wish to urge your opposition to this proposed legislation.

Yours sincerely,

FREDERICK F. HICKEY.

NATIONAL WOOL GROWERS ASSOCIATION,
Salt Lake City, Utah, February 28, 1955.

Re H. R. 1.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: Out of consideration and respect of the announced wishes of the Senate Finance Committee that testimony given to the House Ways and Means Committee relative to the position taken on H. R. 1 should not be duplicated, it is the intention of the National Wool Growers Association representatives not to appear in person before your committee during the March hearings.

It should be made very clear that decision has been made solely because of your announced wishes and not because of any slackening of interest on our part or because we met defeat (by a very narrow margin) in the House of Representatives.

We continue to be opposed to the trade-agreements program and to H. R. 1. Evidence before the House Ways and Means Committee and action by the House of Representatives show that more and more industrialists, agriculturists, and labor interests are taking the same position as we have. It has been demonstrated time after time that the trade program has failed as far as domestic

interests are concerned. In the case of agriculture, only those that are protected—some by almost complete embargoes such as cotton and wheat—are for free trade. It is apparently the intention of these interests that other groups carry the burden of balancing trade.

This situation was clearly brought out in our testimony before the House Ways and Means Committee on February 2, 1955, page 1741, part 2, of the hearings.

It is unreasonable to expect the Senate Finance Committee to digest the 2,600 pages of hearings before the House Ways and Means Committee. We, therefore, deem it essential that our industry, even though briefly, set forth our position, our concern, and our apprehension with respect to the extension of the Trade Agreements Act:

1. We are opposed to the extension of the trade-agreements program and the continual granting by the Congress of the authority and responsibility on tariff matters to the Executive.

2. We are very much concerned over the broad grant of power lodged in the executive branch of the Government under the proposals contained in H. R. 1.

3. We are most apprehensive over the action possible under H. R. 1 and the tie-in with the possible ratification of the framework of the general agreement on tariffs and trade.

4. We are unable to see the wisdom of the rush for this program up to now realizing the negotiations now going on and contemplated with respect to GATT, the Japanese and Swiss negotiations. Wouldn't it be the better part of wisdom for the Senate of the United States to evaluate the entire program after executive determinations have been made with respect to the above negotiations?

5. So much has been made of the fact that domestic interests are protected by the escape-clause provision of the act. This purported remedy has in a majority of cases with Tariff Commission recommendations, turned out to be a subterfuge. Both escape clause and section 22 must be made mandatory, otherwise they are no solution to the problem.

6. We are opposed to the general agreement on Tariffs and trade and only through passage of H. R. 1 can it become fully operative. If for no other reason, H. R. 1 should not be passed. For enlightening information on this question we refer to the statement of Hon. Cleveland M. Bailey in his testimony before the House Ways and Means Committee on January 31, 1955, found beginning on page 1363, part 2, of the hearings on H. R. 1.

Our industry endorses fully the position of Mr. O. R. Strackbein, chairman, Nationwide Committee of Industry, Agriculture, and Labor on Import-Export Policy. The National Wool Growers Association is a charter member of the above organization and its beliefs parallel those of the committee.

We urge that this letter be made a part of the record of the Senate Finance Committee on H. R. 1. Again permit us to emphasize that the only reason for approaching the committee in this way is out of respect for the manner in which the committee wishes to conduct its hearing.

Sincerely,

J. M. JONES.

SAN FRANCISCO CHAMBER OF COMMERCE,
San Francisco, Calif., February 25, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We have received information that the Senate Finance Committee will commence hearings next Wednesday on the extension of the Reciprocal Trade Agreements Act, as well as the granting of additional authority to the President to reduce tariffs.

We recently made our views known to the House Ways and Means Committee and we attach a copy of the letter, dated January 26, to which we hope you will give your good consideration. We are also attaching a copy of the San Francisco Chamber's world trade policy declaration of April 1953 in which we present similar views and urge action on the part of our Government to further reduce tariffs and remove other trade barriers.

We respectfully request consideration of our views.

THOS. J. MELLON, *President.*

SAN FRANCISCO CHAMBER OF COMMERCE,
January 26, 1955.

Hon. JERE COOPER,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR MR. COOPER: As your committee is now holding hearings on legislation for the renewal of the Reciprocal Trade Agreements Act, we wish to take this opportunity to present our views to your committee.

The World Trade Association of the San Francisco Chamber of Commerce concurs with us in the views expressed herein. The San Francisco Chamber of Commerce has over 4,700 members, representing all segments of business and finance throughout this area, and the World Trade Association has nearly 500 members, representing direct and indirect participation in international commerce and finance.

The subject of reciprocity in trade originated in this chamber of commerce in 1932. Since that time we have consistently supported a liberal trade policy and a continuation of the reciprocal trade agreements program as we have felt that this is a proper procedure to secure the reduction of excessive tariffs and help in the removal of trade barriers including quotas and exchange and other controls. We are confident that the reciprocal trade agreements program has achieved these objectives and must be maintained on as liberal a basis as possible.

In January, 1953, the San Francisco Chamber made an extensive study of international trade policy with a view to revising its policy declaration of 1944. This study was completed in April, 1953, and enunciated during World Trade Week of that year. A copy of that declaration is attached and in paragraph 14 on page 15 we review our position and recommend extension of the Trade Agreements Act, mentioning specifically for 4 years and indicating the preference for renewal without an expiration date.

On order to avoid a lengthy repetition of previous statements, we are attaching a copy of our recommendations to the Ways and Means Committee, dated May 8, 1953, which reviews in detail the features of the Trade Agreements Act.

Early in 1954, April 6 to be exact, we endorsed President Eisenhower's message to the Congress on foreign economic policy, which was based on the Randall Commission report. We feel as strongly today and heartily support the President's recent message on foreign economic policy. We strongly urge the early adoption of legislation that will extend the Trade Agreements Act for the 3 years provided for in the legislation. Furthermore, giving the President additional powers to reduce tariffs on a moderate basis is highly desirable in view of the fact that most of the bargaining powers of the trade agreements program have been exhausted and this puts the United States Government in the position of being able to make further concessions in exchange for similar concessions from other countries for the removal of their trade barriers.

For a number of reasons, well stated by the President and other business leaders, it seems more imperative at this time that the Trade Agreements Act be extended for 3 years since the wellbeing of our own country and that of our allies can be enhanced greatly by the widest exchange possible of the goods and services of these nations.

We respectfully request your consideration of our recommendations and that they be included in the record of the hearings in view of the fact that we are unable to have a personal witness appear.

Respectfully submitted.

THOS. J. MELLON, *President.*

WORLD TRADE POLICY DECLARATION OF THE SAN FRANCISCO CHAMBER OF COMMERCE

San Francisco, Calif., April 1953

FOREWORD

The San Francisco Chamber of Commerce for many years has endeavored to provide leadership in creating a sound international trade policy. Prior to the twenties, the chamber of commerce initiated legislation which became the foreign trade zone law of the United States. In 1930, the program which later became the Reciprocal Trade Agreements Act of the United States, was suggested to the Congress. Regularly the chamber through its world trade committee has reviewed national and local legislation, recommending those measures

which fostered sound two-way trade, and opposing all which tended to restrict the development of foreign commerce.

In December 1944 following 2 years of study by its world-trade committee, the chamber issued "foreign trade policy declarations" which just prior to the end of World War II set forth the views of business and financial leaders on many subjects facing the Government and business at that time.

With the advent of a new national administration in 1953, and an increasing need for a sound appraisal of trade and other policies, it is hoped that the recommendations contained in this declaration will help achieve a redirection of the conduct of international commerce within a system of American free enterprise.

This declaration of world-trade policy is being distributed to interested United States Government departments and agencies, the chamber of commerce of the United States, local chambers of commerce, trade associations, world-trade groups, California legislators, Members of the House of Representatives and the Senate, the press, radio commentators, labor organizations, educators, and others including foreign government representatives who may desire them.

The San Francisco Chamber of Commerce wishes to express its gratitude to nearly three-score members of its world-trade committee, the executive committee and members of the World Trade Association and to others who devoted many hours of work and study in perfecting this declaration of world trade policy.

This world-trade policy declaration was approved by the board of directors of the San Francisco Chamber of Commerce at its meeting on April 9. 1953.

INTRODUCTION

International trade policy

The year 1953 may well be one of great decision concerning the foreign economic policy of the United States. This policy, as it affects world trade, finance, and other important matters comprises the keystone of the foreign policy of the United States. With the advent of a new administration and the great emphasis placed upon current problems such as the imbalance of our trade, the dollar shortage, continuing currency difficulties, and a trend toward further restrictions to two-way trade, the need seems evident for a reexamination of our own policy and objectives, in order to establish a sound long-range program to promote stability in the international relations of this country.

The position of our country as a great creditor nation is inconsistent with our continuing surplus of exports, the dollar shortage abroad, and the increasing cost to United States taxpayers who, through loans and grants, have been financing a substantial part of our export trade. Many features of the foreign policy of this country need substantial study not only to make our foreign and domestic policies dovetail, but mainly to assure the free nations that we are anxious and sincere in our efforts to join them in following policies of mutual benefit. World trade with the related activities of international finance is a two-way street. We cannot forever continue to sell abroad if we refuse to buy from abroad; nor is it sound for us to continue to give away our products, raw materials, and resources.

Government and business leaders of this country should take a good look at the significance of the United States free enterprise system as it has operated to make this country great. Its concept in every form must be applied to all international commercial activities. Specific problems that must be considered are our high tariffs, restrictive customs, and import regulations, the renewal of the Trade Agreements Act on a long-range basis, the repeal of outmoded legislation that is operating against our business interests abroad and many discriminating practics of foreign governments which limit importations from our country or tend to restrict the operations of our merchant marine and commercial aircraft. The philosophy of protectionism no longer applies to United States industries, except only as it affects the security of this country. Furthermore, a long-range program that results in increased two-way trade is the best assurance for more products for more people at lower prices both at home and abroad. A strengthening of the economies of many other countries to overcome their severe dollar problem can only be achieved by permitting them reasonable access to the United States market.

Most of the industries in the United States are dependent upon foreign markets to a very appreciable extent. Full employment by these industries requires a continuing and expanding overseas market for our products, thereby generating high purchasing power for millions of workers in the United States, enabling

them to buy the products and services of other industries and producers, both domestic and foreign. Furthermore, 160 million consumers of the United States will benefit not alone through a lower cost of living which such an economic policy will promote, but through the substitution of a program that will stimulate trade rather than pursuing a program of continued aid. Tax reductions can be effected, and these tax reductions, in turn, will permit taxpayers to devote a larger proportion of their earnings to the purchase of products at lower prices.

1. Value of world trade to the United States and California

Exports of $15 billion and imports of $12 billion—imbalance creates dollar shortage; dependence on imported strategic raw materials key to strong United States defense. Increased imports and high value of world trade will improve economic conditions of free nations.

With exports averaging $15 billion and imports approximating $12 billion a year, the importance to our country of supporting this vast trade is quickly apparent. It is said that the livelihood of approximately 5 million workers is dependent upon exports alone. Furthermore, the very existence of some of our important industries rests very largely upon imports of oils and minerals as well as other raw products such as coffee, fibers, oil-bearing seeds and nuts, crude drugs, rubber, and countless other materials. Thus, several million additional workers are directly dependent upon the handling, transportation, and processing of imported products and materials.

Following the late war, substantial grants of American dollars were made to other countries to promote industries and place those nations upon a sound economic footing. Now that we deem it advisable to discontinue such dollar grants, it is apparent that if we are to maintain a high volume of exports, the only practicable substitute for such financing is the importation of the products of those revived foreign industries at least to the extent that their products will meet legitimate needs or add to the well-being and happiness of our people.

We must purchase large quantities of raw materials in any event, and therefore the additional volume required to counterbalance our exports will not amount to more than 2 percent of our national consumption of goods. We should facilitate such importations in the national interest, since it would appear that substantial purchases of manufactured goods could well be made without injury to any important industry.

Cooperation on the part of the United States in maintaining a high volume of world trade will help to safeguard world peace by providing improved economic conditions in strategic countries throughout the world. World peace is essential to the welfare of our Nation.

California and world trade.—Export trade of great importance to California with large percentages of important crops shipped overseas. Manufacturing industries such as machinery, chemicals, pharmaceuticals, aircraft, and motion pictures increasing overseas sales. Cotton crop needs export markets for 50 percent of production; California's industries feeling dollar shortage and loss of foreign markets.

World trade has been of great importance to the State of California for nearly a century, due to the area's economic isolation. As productive industries developed and lacked substantial local markets, it was necessary to find markets outside the limits of the State. The share of California production that has been exported has far exceeded the national average for many years. Prior to World War II, approximately one-half of all the prunes produced in the State were shipped overseas, mainly to Europe. Likewise, about 20 percent of the canned fruit produced, 20 percent of the fresh fruit, and about one-fourth of petroleum products, were shipped abroad; and the motion picture and aircraft industries were dependent upon their exports for approximately one-third of their income.

California's industrial expansion has continued at an increasing rate since the end of World War II, with many new branch factories and new industries established in the State, thus further increasing the industrial potential. California manufacturers of industrial, mining, refinery and oil-well equipment, as well as the producers of medical and other pharmaceutical products have enjoyed a steady increase in their exports during the postwar period. In addition to the important export volume of processed food products referred to, California's agricultural economy has an important stake in stable markets overseas. At one time practically all the cotton produced in this State was exported, and last year more than half of the cotton produced was shipped overseas. Today

total exports from the State of California exceed $1 billion a year and with the accompiishment of a greater balance in trade and with an improvement in the dollar supply abroad these exports can be further increased.

The shrinkage of foreign markets, the increasing tendency of imposing controls and the dollar shortage abroad are acutely felt today in California industry. Efforts are being made to regain these markets for California's agricultural and industrial products. Scores of important raw products and foodstuffs produced abroad find their way into the economy of California for processing and manufacturing. It has been estimated that every dollar's worth of imports puts $3 to work in the State in the form of finance, transportation, manufacturing, and distribution.

If volume of foreign manufactured goods entering California is not large, but because of the very substantial annual tourist trade, the State should easily increase its purchases of handicraft and similar consumer goods from the countries in Asia, Europe, and Latin America without any harm to local production. Only through increasing such imports may we expect an increase in the purchases of California products by the countries selling their goods here.

A long-range sound foreign trade and financial policy can have greater effect on the economy of California than on any other State in the country. A steady increase in the trade volume means a sound maritime and shipping industry which also may be termed a strategic industry necessary to the security and welfare of this State and the whole country. Our policies and objectives concerning the countries of the Pacific area have significant bearing on the future of California's growth and expansion.

2. "Trade, not aid"

> Thirty billions in grants in aid must be superseded by increased trade—larger imports on our part. Will relieve heavy burden on American taxpayers. Provide dollars to other countries to pay for our exports.

We have given more than $30 billion in postwar aid to friendly nations since the end of World War II. These nations—to their everlasting credit—now propose that instead of giving them dollars, we remove the restrictions on their sales in the United States market. They believe that if such restrictions are removed, they would be able to earn the dollars with which they could maintain or expand their purchases here.

A discontinuance of economic aid to foreign countries would relieve our taxpayers of one of their major burdens. Reductions in such aid might have been made sooner but for the fear that our friends and allies abroad would be unable to do their part in the common defense against foreign aggression. Any loss in our Government income by reason of reduction in rates of import duties authorized for the purpose of encouraging imports will amount to only a fraction of the cost of continuing dollar aid which would otherwise be required to enable friendly countries to maintain economic stability. The policy identified with the slogan "Trade, Not Aid" may enable us to reduce taxes without imperiling the economies of allied and friendly nations. Our response to such a commonsense proposal will be a measure of our statesmanship.

3. Buy-American legislation

> Discriminates against foreign merchandise by United States Government agencies, incompatible with United States foreign policy for freer world trade. Should be repealed.

The Buy American Act is a Federal statute which requires United States agencies to discriminate against foreign bidders for the sale of merchandise to the United States Government unless the domestic cost of the product being bid upon is unreasonable. By custom the term "unreasonable" has been interpreted generally to mean that the American bid must be accepted unless it is 25 percent over the foreign bid. Since such a differential in price rarely exists, the effect of the statute is practically to exclude the foreign producer from this market. As the leading champion of freer world trade, such a policy on the part of the United States Government is indefensible. Particularly at a time in world history when the people of the United States are engaged in a program for the rehabilitation and development of the economies of many foreign nations, the Buy American Act is a direct contradiction and against the welfare of the United States. Furthermore, it is inconsistent with our Government's fiscal and economic policies. The act should be repealed in order that a free market may prevail.

4. Section 104, Defense Production Act

Authorizes Secretary of Agriculture to control imports interfering with defense program. He placed quotas on cheese imports and other agricultural products. Action violates our trade agreements. Is contrary to United States current trade policy; has undermined confidence of Western European countries. Retaliation has resulted, increasing trade barriers and reducing United States exports. Should be eliminated.

Section 104 of the Defense Production Act directs the Secretary of Agriculture to impose quota restrictions on the import of various products, notably fats, oils, and dairy products. This is inconsistent with the provisions of agreements with other governments which have been entered into under the Trade Agreement Act, and is contrary to the objective of a self-supporting Europe. Since World War II, the United States has actively participated in four international meetings called for the specific purpose of reducing tariffs and trade barriers. These were held at Geneva in 1947, at Annecy in 1949, at Torquay in 1950–51 and again at Geneva in 1952. At these meetings, concessions in the form of reduction in excessive duty rates were granted to other participating countries. These concessions were granted in exchange for the lowering of trade barriers against American exports by the different negotiating countries.

Section 104 of the Defense Production Act, as amended, is highly objectionable on the grounds of principle and is economically unsound. It runs contrary to the aim of international trade and works adversely against the foreign-aid program of this country. The United States, through its trade-agreements program and through its foreign economic and military-aid programs, has sought to bring about a progressive elimination of economic restrictions and other barriers to international trade. Section 104 was enacted as a rider on the Defense Production Act, a subject with which it has little or no relationship, and has had considerable effect on the export, as well as the import, trade of the country. It has had an adverse effect on countries to which we have given aid for economic development with the expressed idea that they would build up their dollar exchange through the sale of their products, looking forward toward an early termination of their dependence on United States assistance. Such actions have led to retaliation by nearly a dozen countries tending to increase trade barriers and further restricting the expansion of two-way trade.

It should be borne in mind that American agriculture depends greatly upon foreign markets for the sale of its products. Even some of the products that section 104 aims at protecting have regularly been on an export basis. In 1951, the United States sold the world $121 million worth of dairy products, while its imports amounted to only $25 million. A quota limitation placed on imports is a trade barrier little short of complete embargo.

The quota system in general and section 104 of the Defense Production Act in particular are contrary to every principle of private business and free enterprise.

5. Export and import licensing and controls

Except for defense reasons and keeping strategic goods from U. S. S. R. and satellites, all licensing and price controls should be removed and all domestically decontrolled items should be decontrolled for export. Unnecessary import barriers should be removed to permit increased imports into the United States.

Export and import licensing and price-control procedures act as deterrents to world trade. We reaffirm our formal resolution of 1944 that international marketing should be interfered with by governmental licensing and other controls only to the extent that national well-being and security in the present conflict with the Soviet Union and its satellites make this essential.

Export controls should be limited to articles or commodities (*a*) which the appropriate governmental authority specifically determines may be otherwise diverted to this country's enemies and be useful to them in the cold or hot war, (*b*) which are in critical short supply for our own use or by our allies and (*c*) such other commodities as are efficiently controlled by mutual agreement with our allies. The present availability of most of these materials is such that export controls are no longer necessary to protect our supply against excessive foreign demand or against inflationary prices arising from such demand.

All export price controls should be removed immediately on products which have been decontrolled domestically, and all other export price controls should be removed unless it can definitely and affirmatively be proved in each specific instance that the national well-being or security will otherwise be impaired.

Increased imports are desirable in order that our trade imbalance may be corrected without continuing a Government loan or grant progam, that our people may be enabled to acquire their needs as inexpensively and effectively as world production permits, and in order to maintain and increase our export trade. To these ends, all import controls of every nature should be progressively eliminated except for such commodities or services as (*a*) are deleterious to the health, morals, or security of the people of the United States; (*b*) will interfere with domestic enterprises that are important from the military or defense viewpoint, or (*c*) in each specific case where it can be shown it is in the general public interest to favor production in this country. Where import controls are in the public interest, quota limitations such as section 104 of the Defense Production Act should be avoided as use of them by the United States makes it difficult or impossible for us to criticize quota restrictions by other nations against American products. Sanitary restrictions should be utilized only where necessary to carry out their true purposes and not be established or administered for the purpose of protecting favored American industries.

As export and import controls and export and import price controls are discontinued, public notice should be given that all requirements for further filings and record kepeing should be discontinued.

6. Conservation, development, and stockpiling of strategic materials

Conservation, development, and stockpiling of strategic and critical materials essential for United States security. Procurement and release of stockpiles should be orderly and through regular trade channels.

In order to conserve our resources of minerals and other raw materials, and to assure an adequate and increasing supply of those materials we lack, the United States must look more and more to other lands. It is in the general interest of the less developed nations that they shall be able to expand their exports of materials or derivatives therefrom. Whenever American reserves need to be conserved, American mining, lumber, and other raw material producing companies should be given every aid, tax incentive, and facility that may be available to encourage and assist them to expand their operations abroad so as to utilize their equipment, personnel, capital, and technical know-how in developing foreign raw-material resources. Our Government should use its best negotiating efforts to secure removal of the oconomic, political, and financial barriers which prevent the advantageous interchange of these raw materials in the markets of the world and free participation of American private enterprise and American equipment in development and export of these raw materials from foreign areas on the same basis as that which is open to nationals of these areas (or of the controlling European power in the case of dependent overseas territories).

We favor the stockpiling of strategic and critical materials that are essential for military security and necessary civilian requiremnents: (*a*) which must be purchased abroad because the United States does not produce enough, or (*b*) for which production centers or transportation lines are militarily vulnerable.

Since prices of raw materials react sharply to small changes in demand, acquisition should be conducted in a coordinated, prudent, and orderly manner so as to avoid violent fluctuations in demand with consequent disastrous economic and political effects on countries specializing in the production of such products. We, therefore, favor the provision of adequate funds at all times to permit orderly purchases commensurate with possible emergency needs.

Since confidence of the business public that there will not be sudden releases of large quantities of stockpiled commodities is essential to market stability and expanding materials production, no withdrawals from stockpiles, other than those necessary for routine operations, or to conform to fundamental changes in stockpiling needs, should be authorized except in a declared emergency when the national security clearly and emphatically requires release of a particular material.

Insofar as is practicable, stockpiled purchases should be acquired through regular commercial channels; and where stockpiled commodities of a perishable or semiperishable nature are released from time to time in order to provide for replacement, such stocks should be distributed through the regular channels of trade and handled in such a manner as not to disturb the orderly marketing of similar goods in private hands.

7. Governments in business

During wartime many Government agencies established, took over certain private business. Should be discontinued. Governments should establish

sound policies under which private enterprise can function. Oppose formation new agencies.

During the war and postwar years, the tendency for governments to establish commissions, agencies, and bureaus to engage in business was great. We recognize that this was often necessary in terms of military expediency. However, in peacetime, such operations should be strongly discouraged.

The argument in favor of American competitive enterprise at home finds equal application in international commerce.

The functions of Government should be limited to establishing sound practical policies under which private enterprise may operate in international trade. Trading, selling, and purchasing are the functions of private business and should be fostered by proper Government policies both in the United States and in other countries.

We are opposed to any new Government activities which would infringe upon the traditional operations of exporters and importers.

8. Foreign aid and technical assistance

Our foreign-aid program should be revised toward tapering off to relieve tax burden. Military aid and technical assistance to be continued where needed. Tariff and custom reforms permitting larger imports should replace aid programs. Technical-assistance program should replace foreign aid; activities placed under one head and coordinated with United Nations. Government assistance should be limited to public service fields and private to industrial. Local capital and skills should be developed.

In order that there may be an orderly return of normal world economic stability, a radical revision of our program of help to other nations is urgently necessary. The time has come to begin tapering off foreign aid with a view to ending it altogether. The reasons are: (*a*) the economies of beneficiary countries have, through this aid, been restored to prewar levels or better; (*b*) an indefinite continuance of outright grants-in-aid tends to defer a return of self-reliance and self-respect to the beneficiary nations; (*c*) American taxpayers who have extended over $30 billion in postwar foreign aid should now be relieved of this burden. (The latter applies only to economic and not to military aid or technical assistance, which should be continued as long as the need is apparent.)

Outright grants-in-aid should be superseded by (*a*) a revision of tariffs in order to allow for an increase of imports on a fair competitive basis; (*b*) a complete revision and simplification of customs procedures; (*c*) the instituting of a program of public education to bring about the awareness of the American people to the importance of reciprocal trade and the necessity of buying from abroad if we would maintain our foreign markets; (*d*) financing of worthwhile and deserving projects abroad by means of loans through banking channels with a regularly scheduled repayment program.

As the aid program is abolished, sound and adequate technical assistance programs should be furthered. All overseas activities in this field should be coordinated under one head and the large numbers of supervisory personnel reduced to insure businesslike operations and to avoid duplication and waste. Technical assistance from the Government level should be confined to areas of public health, education, sanitation, and agricultural techniques. Provision of capital and assistance for industrial development should be the function of private enterprise. In both fields emphasis should be placed on developing local skills and capital. Our Government's program for technical assistance should be coordinated with that of the United Nations.

9. Currency convertibility

Currency convertibility requires sound credit and fiscal policies and other measures to assure the most efficient use of each country's resources. The United States and British Commonwealth should take requisite steps to bring about worldwide convertibility at high levels of production and employment. Our contribution should be tariff and customs reforms and other actions. Other governments should be encouraged to take similar appropriate actions.

Currency convertibility means a free conversion of the currency of one country into that of another.

If convertibility is to be achieved it will be accomplished through a combination of effective measures by the United States and countries having dollar

deficits. Some of the steps leading to the proper economic climate permitting the gradual application of convertibility are:

1. Sound credit and fiscal policies on the part of all countries;
2. The establishment of exchange rates that can be maintained within the framework of economic stability at high levels of output and employment;
3. Flexible production patterns permitting the reallocation of resources in in response to world supply and demand conditions.

The above refer to general policies that should be followed by all countries if convertibility is to be achieved. There are specific contributions that might be made by this country. Some of these are—

1. Renewal of the Reciprocal Trade Agreement Act;
2. Simplification of customs regulations;
3. A revision of our present tariff law tending toward lower tariffs;
4. Repeal of the "buy American" legislation;
5. Stimulation of tourist travel;
6. Encouragement of American investments. Our Government should encourage foreign countries to adopt legislation favorable to the safety of such funds and should free American investors of the disadvantages of double taxation.
7. Abolishment of commodity export subsidies tending to favor the United States in world competition.

Other governments should be encouraged to take appropriate action with the view of achieving these mutually desirable objectives.

10. Gold and monetary policy

Stable domestic and world economies necessary for United States dollar on convertible gold basis. President should appoint a commission to make appropriate recommendations.

We favor a sound domestic economy and exertion of our influence for a world economy of such stability as will permit the ultimate placing of our United States dollar currency on a fully convertible gold basis.

A change in the price of gold in terms of the United States dollar as a monetary measure raises many questions as to possible effects on the economy of the United States, international trade and confidence in the dollar and its relation to other world currencies.

We recommend that the President appoint a commission of recognized authorities representing all interests concerned to undertake a study of all questions involved and make a complete report including recommendations that would lead toward the attainment of these objectives.

11. Taxation

Taxation on foreign earnings operates as deterrent to overseas business. Foreign investments should be recoverable at accelerated rate prior to imposition of United States income tax. Serve as incentive to additional private investments. Western Hemisphere corporations tax conversion should be accorded to firms doing business in all countries.

Taxation of American income on foreign earnings has been a major problem for many years and present United States policies operate more as a deterrent to doing business abroad than as an incentive. Since foreign investments involve more risk, including expropriation and inconvertibility of income due to exchange controls, than domestic investment, we recommend that corporations be permitted to recover their foreign investment at an accelerated rate prior to the imposition of United States income tax. This can be done by permitting an allowance equal to a maximum of 20 percent of capital investment each year against net income remitted in United States currency. This would give greater incentive to additional private investment abroad to replace aid programs.

Furthermore, foreign earnings that are not remitted to this country because they are used to expand operations overseas, or which are retained in a foreign branch to insure continued operations, should not be subjected to United States tax until remitted to this country.

Another United States tax concession applying to firms or individuals doing business in foreign countries merits consideration. Under the present United States tax laws, taxes paid to foreign countries by United States firms are deductible in this country, but in case the foreign country concerned has a higher tax rate than the United States tax rate, the deduction may not exceed said United States tax rate. We recommend that where corporations do business

in several foreign countries, the tax deduction be computed by adding the taxes paid in the higher tax bracket countries to the taxes paid in the lower tax bracket countries and assessing the United States tax deduction on the global amount of the foreign taxes paid.

Moreover, our taxation should provide for a tax concession to firms and individuals doing business in any or all foreign countries on the same basis as now accorded to firms and individuals doing business within the Western Hemisphere, but outside the United States, under the style of Western Hemisphere trade corporations. At present, the latter enjoy a tax reduction of some 27 percent on their income.

The same tax privilege should be accorded to firms doing business in any of the other countries throughout the world. The loss of these tax revenues would be more than compensated for by reductions in aid programs.

These objectives should be achieved by revisions in our revenue code as well as in the negotiations of bilateral and multilateral tax treaties with the nations of the world.

12. Investment abroad

Global developments place United States in position of leadership as foremost creditor nation. Aid programs implemented by sustained program of financial assistance to raise living standards, should now taper off. We should encourage private investments abroad on basis compatible with safety of principal and earnings. Suspicions of imperialism and colonialism can be eliminated by inviting native participation. Also spearheaded by long-term investment policy for development overseas resources. Safeguards to be administered by existing financial institutions. Concerted programs will accomplish higher productivity, international stability and higher standard of living.

The rapid elimination of space through the unprecedented global development of modern communication and transportation systems has brought into focus the leadership of the United States as the foremost creditor nation of the world.

Great efforts have been made by this country in the postwar years to implement our direct grants to many of the free nations by a sustained financial program of assistance to the underdeveloped countries in an aim to raise their standard of living. To the extent that these multilateral financial actions and industrial "know-how" on our part have borne fruit, direct financial aid should be allowed to taper off.

We advocate that in its place the United States Government encouarge private investments abroad on a basis compatible with relative safety of the principal and prospects of reasonable earnings. With the sincere desire to stamp out all suspicion of imperialism or colonialism on the part of our friends abroad, we should invite native financial participation in this investment program wherever possible. Furthermore, it should be spearheaded by a constructive long-term investment policy sponsored by the United States Government for the development of the resources of our neighbors and overseas friends. To insure adequate safeguards, these loans should be instituted and administered by such agencies as the World Bank for Reconstruction, the Export-Import Bank, and the International Monetary Fund.

The rhythm of these concerted investment programs should greatly enhance the productivity of our partners throughout the free world and contribute materially to the restoration of international stability, bulwarked by an appropriate high standard of living shared in by all.

13. Trade barriers

Efforts should be made toward removal of tariff, customs, quota, exchange and other restrictions on imports by all countries. Discrimination against American products and services in foreign markets can seriously affect future of country's economy.

The attainment of a better understanding between the peoples of the free world, the raising of living standards in the less advanced countries and the well-being of all peoples can well be served by the removal of barriers to the free flow of trade.

The United States, as today's great creditor nation and in keeping with its present-day role of leadership in international affairs, should set an example to other nations by assuming the initiative and leadership in seeking a realization of this goal.

It is recommended that our Government, in turn, negotiate with the governments of all other free nations for the mutual elimination of quotas, exchange controls, and other restrictions which hinder the free flow of trade, or which are so drawn or administered as to be discriminatory toward the products or services of the United States or any other country of the free world.

As an initial step, an early further reduction in our import tariffs should be undertaken with particular emphasis on those commodities on which unrealistically high rates of duty still exist.

It is further recommended that our Government give earnest consideration to the early elimination of processing taxes and other excise taxes which, in actual practice, become additional tariffs that create new trade barriers.

Such a program will benefit our Nation by affording other friendly nations the means of earning for themselves--rather than receiving loans and grants—the dollars necessary for the maintenance and furthering of their trade with us and for their continued and increased purchases from our export industries.

Ready access to our markets is essential to the economy of other free nations. Ready access to the markets of those nations is essential to the expanded productive capacity of our own industry and agriculture.

14. Reciprocal Trade Agreements Act and GATT

Refers to 1932 tariff policy statement. Act has had beneficial effects on trade and our relations. Benefits well adapted to replace foreign aid. Act should be made permanent. Will add stability, continuity, and permanence to our economic policy. Escape and peril-point amendments should be studied and revised to permit effective and prompt administration of Reciprocal Trade Agreements Act. GATT agreements necessary to carry out multilateral negotiations to accomplish further tariff reductions and removal of trade barriers.

The San Francisco Chamber of Commerce enunciated its tariff policy on February 4, 1932, calling upon the Congress for machinery for reciprocal concessions in tariff rates in the interest of the revival and upbuilding of our foreign commerce. We commend the Congress for continuing the Trade Agreements Act, passed in 1934, and renewed from time to time since.

No other instrument has had the beneficial effect on foreign trade and relations between the United States and friendly foreign countries since the program first became operative in 1934. This is proved by the fact that Congress has extended the act from time to time, and in each instance all phases of its provisions were carefully considered by the National Congress and business. The benefits of this act are particularly well adapted to the 1953 foreign policy of the United States to replace foreign aid by foreign trade and to strengthen the peoples in the free world. Because of the proven success and benefits under the Reciprocal Trade Agreements Act and its adaptability to current world conditions, we now urge that Congress renew the act in its present form as permanent law. Such action will add needed stability, continuity, and permanence to our economic policy.

We feel the escape-clause and the peril-point amendments to the act in 1951 are cumbersome, and studies should be undertaken for their early revision to accomplish effective and prompt administration of the Trade Agreements Act.

The first multilateral conference for the reduction of tariff barriers in which the United States participated was held at Geneva in 1947 and the General Agreement on Tariffs and Trade (GATT) was drawn up to incorporate and protect the reductions and bindings (or concessions) in the tariff rates. At this and two subsequent meetings at Annecy in 1949 and Torquay in 1950-51, the United States concluded trade-agreement negotiations with 34 nations which account for four-fifths of the world's trade. The General Agreement on Tariffs and Trade (GATT) includes a set of general provisions relating to the conduct of international trade, as well as the schedules of tariff concessions. GATT has accomplished the desired results in securing a multilateral reduction in tariffs and elimination of trade barriers, which are promoting a freer flow of international trade among the leading nations of the world. Furthermore, GATT has provided a forum for settlement of trade disputes arising from breaches of the GATT rules of fair trading. United States' support of and adherence to GATT should be continued.

The San Francisco Chamber of Commerce reaffirms its policy enunciated in 1932, and recommends renewal of the Trade Agreements Act in its present form for not less than 4 years and preferably without an expiration date.

15. Customs simplification

Revision of administrative provisions of Tariff Act will eliminate delays, expense, and redtape in entry and clearance of imports. Import trade will be facilitated and larger volume encouraged. Names sections to be revised, will facilitate clearance vessels. Prompt hearings should be held when new legislation is introduced. New legislation needed eliminate other inequities and bring up to date other procedures. Tariff law to be amended to clarify and consolidate present tariff classifications. United States consular invoice should be eliminated. Expanded trade will result.

The San Francisco Chamber of Commerce strongly recommends simplification of the customs administrative laws and administrative laws of other departments and bureaus affecting imports and shipping.

The revision of these administrative provisions of the Tariff Act will have the effect of eliminating delays, expense, and redtape in the entrance and clearance of imports into the United States.

The American economy is capable of absorbing increasing quantities of imports, both raw and manufactured products, without affecting seriously any segment of the productive capacity of the country. The increase of imports to the extent of a few billion dollars a year is the surest and soundest method of placing dollars in the hands of foreign countries to provide the wherewithal with which to pay for our exports. The enactment of new legislation bringing the administrative provisions of the tariff up to date, and to meet present-day conditions and policies would greatly facilitate and encourage our import trade.

Revisions of the administrative provisions of the Tariff Act of 1930 (as amended) covering valuation for duty purposes, time limit of appraisement, conversion of foreign currencies, dumping duties, penalty duties, special marking requirements, countervailing duties, unnecessary regulation of carriers, discriminatory taxes, time limits for appraisement and classification, and many other administrative laws and the regulations thereunder are long overdue. They are indirect barriers to the free flow of imports.

The revision of burdensome and complicated administrative provisions of the Tariff Act of 1930 (with amendments) to provide an effective and up-to-date basis for the entry of merchandise and vessels transportating same is highly desirable and also long overdue. A customs simplification bill has been introduced in the present Congress. It is on the President's 11-point program.

The San Francisco Chamber of Commerce urges prompt hearings by Congress of the Customs Simplification Act, and the early enactment of this important legislation.

The chamber recommends the introduction and passage of additional legislation (1) to eliminate inequities which add to the difficulties of enforcement of customs laws, and (2) to review and revise laws relating to imported merchandise and the carriers, transporting such imports into the United States. The present laws have been in force for many years and should be reviewed and revised to bring them up to date with present world conditions.

As a further immediate step, we advocate the clarification of our present tariff classifications with a view toward the elimination of all conflicting, dual, ambiguous, and complex classifications. Furthermore, the actual number of tariff classifications should be reduced by consolidations.

Efforts have been made for years by many countries to secure simplification and standardization of documents on import and export shipments. Slow progress has been made. Our Government should actively make further efforts. At this time we can lead the way by incorporating in the Customs Simplification Act a provision to eliminate the United States consular invoices. It is a duplicate of the commercial invoice and its elimination would reduce heavy expenses to the Government and importers and avoid delays when documents are late in arriving.

16. Merchant-marine policy

Support national policy statement in Merchant Marine Act of 1936. Shipbuilding and operating parity payments are necessary to maintain strong adequate merchant marine. Aid cargoes should be divided equally between American and merchant fleets of other nations. Our Government take prompt and effective action to prevent acts of discrimination by other nations against United States vessels and aircraft. Routing of cargoes and passengers and shipbuilding, repairs, and other marine operations should use private services except where security of the United States requires use of Military Sea Transportation Service. Coastwise and intercoastal services should be rehabilitated. Take such other action by industry,

labor, and Government to insure adequate merchant marine. Facilitate international travel.

We favor and support the following declaration of national policy respecting our merchant marine, as set forth in the Merchant Marine Act of 1936:

"It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a Merchant Marine, (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and (d) composed of the best equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a Merchant Marine."

In keeping with this merchant-marine policy of the United States, the chamber urges:

A. The continuation of such shipbuilding and ship operating parity payments authorized by the act as are deemed necessary to maintain a strong and active American merchant marine capable of carrying one-half of the water-borne foreign commerce of the United States. Such payments should be limited to a degree necessary to place the American merchant marine on a parity with merchant fleets of other nations, and should not resell in an advantage over such foreign fleets in the items included in the parity program.

B. The retention in all foreign aid and similar acts of the provision designed to divide the routing of aid cargoes equally between the American merchant marine and merchant fleets of nations receiving the aid cargoes.

C. Prompt and effective action by the United States Department of State to prevent acts of discrimination by other nations against merchant vessels or commercial aircraft of the United States. Similarly, all departments of the United States Government whose functions touch upon our foreign commerce are urged to give equal treatment to all merchant ships and commercial aircraft of all flags, except in those cases where other action is dictated by developments in the international relations of the United States and is authorized by the Department of State; or where such other actions is the result of discrimination against United States vessels or aircraft, and is for the purpose of correcting such discriminations.

D. The routing of all cargoes and passengers under control of the Department of Defense and other departments via privately owned merchant vessels; and the handling of all Government shipbuilding, marine repair, purchases, and tug and barge operations in private facilities, except where such routing or handling would affect adversely the security of the United States. To this end, a revaluation should be made at the highest Government level of the present size and operations of the Military Sea Transportation Service of the Department of Defense, with the objective of limiting the activities of that Service to the degree required for the security of the United States.

E. Prompt and effective action by the Federal Maritime Administration and the Interstate Commerce Commission to rehabilitate the domestic coastwise and intercoastal steamship services, and to encourage their development along with other modes of transportation, according to the inherent advantages of each, as provided for in the national transportation policy. The coastwise and intercoastal steamship services of the United States, though basically serving domestic commerce, contribute vitally to the welfare of foreign commerce. Vessels in these trades provide our only water transport to Alaska, Hawaii, and Puerto Rico, and serve Caribbean ports from the United States, Further, the vessels in these trades bring commerce to United States ports providing one-fourth to one-third of total port revenues. These revenues make possible the modern port facilities of the United States so essential to our commerce and defense.

F. Such other action necessary by industry, labor, and Government, deemed necessary to insure that an adequate American merchant marine will continue to be available to serve the foreign commerce of the United States, capable of handling one-half of our foreign commerce, and to act as an effective stabilizing force in international transport.

G. Such action as necessary relating to visa requirements, fees, taxes, and other regulations of our Government and those of other nations in order to ease to the greatest extent possible international travel among the nations of the world.

17. Marine insurance

Recent foreign government actions have made it difficult to secure adequate insurance protection in acceptable currencies. Our Government should secure elimination discriminatory practices and obtain clause in treaties to secure equality of treatment to remove these impediments to flow of international trade.

In recent years many foreign governments, by exchange regulations, by restrictive laws, and by the action of governmental purchasing agencies and quasi-governmental corporations have required marine insurance on shipments to or from these countries to be placed in their own market. As a result, American importers and exporters frequently find it difficult, if not impossible, to arrange adequate insurance for their own protection and in an acceptable currency. The cumulative effect of these restrictions is to impede seriously the flow of international trade.

We urge therefore, that our Government continue to press for the cessation of discriminatory practices in the field of marine transport insurance, and renew endeavors to obtain a clause in international trade treaties whereby neither nation shall impose any measure of a discriminatory nature, preventing or hindering the importer or exporter of products of either nation from obtaining marine insurance on such products in companies of either nation.

18. Far East

Far East area of vital importance to California and Nation as a whole. United States policies in Far East appear realistic and this area should be treated with same force and interest as any other area. Basic problem in Asia is food. Technical assistance programs should be toward food production, industrialization in support of good production, and indigenous raw material resources. We should encourage ECAFE continue good work especially in trade promotion of handicraft articles. Our excessively high tariffs on these articles should be reduced to permit greater sales in United States market to earn additional dollars.

The area of the world generally known as the Far East, or the Asiatic countries, includes all of those from Japan to southeast Asia and India and Pakistan. This important area of the world is of vital importance to California industry, finance, and commerce, as well as to the country as a whole. United States Government policies relating to the Far East appear to be realistic and we should view conditions in this area with force and interest equal to that of any other area.

Asia contains one-half the population of the world but only one-third of the world's arable land. Therefore, it is considered that the basic problem of this area is the production of food. We should develop a strong technical assistance program, primarily directed toward: (1) food production; (2) industrialization in support of food production; and (3) industrialization based on indigenous raw materials resources.

We should recognize the desires of the oriental countries for industrialization and economic stability and adapt our commercial and political policies to meet the situation. We should assist in any way practicable in the types of industrialization that best fit the needs and resources of these countries. For this reason, our technical assistance program, as it is related to food production and to the encouragement of industrialization that are based on indigenous raw materials or other specific resources of the country, should be emphasized.

We should encourage the further development and activities of the ECAFE (Economic Commission for Asia and the Far East), which has made good progress during the past 2 years. We should encourage trade between the countries of Asia insofar as they complement each other. Furthermore, resulting from programs on trade promotion coming out of ECAFE conferences, we should reduce our prohibitive tariffs on handicraft articles produced in many of the Far Eastern countries. These include fine textiles, embroideries, objects of art, and similar products which could enjoy a good market in the United States and increased sales of these would provide additional dollars to those countries.

19. World trade promotion and public education

World trade promotion program should be expanded. Year-round public education program should be initiated to secure greatest participation by local business in world trade expansion. Continue support of National World Trade Week, Foreign Trade Zone, World Trade Center, and the San Francisco School of World Business. World trade information and promotion activities of Bureau of Foreign and Domestic Commerce should be restored, control over Foreign Service officers on commercial work given to Com-

merce Department and trade conferences planned for such officers with local businessmen when they return to United States.

The objectives of the world-trade activities of the San Francisco Chamber of Commerce are to promote the two-way trade of the port of San Francisco and to make known throughout the world the shipping and trade services and facilities available here. This trade-promotion program should be continued and expanded. It should include specific services of every type to San Francisco importers and exporters; and trade development trips to various areas of the world.

An important part of such activities shall include a general program of public education through associations, clubs, public schools, libraries, and other institutions to increase general understanding of the importance of two-way world trade to the community. The program of the World Trade Association in the public education field should be continued. To this end, continued support should be given to the annual observance of national World Trade Week, to San Francisco's Foreign Trade Zone No. 3, to the World Trade Center now under construction, and to the San Francisco School of World Business.

We note with satisfaction the increasing cooperation between educational institutions and business firms and organizations in the training and placement of personnel for international commercial activities exemplified in the successful progress being made by the San Francisco School of World Business.

In view of existing world conditions, it is probable some export and related controls over foreign trade will continue for some time to be an essential and effective means for implementing sound national policies. It is felt, however, that the Bureau of Foreign and Domestic Commerce's activities—now largely regulatory—should be reappraised in the light of both current conditions in world trade and current philosophies of government, to make certain that the emphasis given to control activities is in proper relation to that given to those services to businessmen which, historically, were the primary function of the Bureau.

Today's conditions make it essential that those engaged in world trade have current and comprehensive data, in usable form, on those factors and developments that have a bearing on their activities. It is felt that an increase in this type of service by the Bureau would be beneficial.

We urge that officials of our Government give greater consideration to the selection of Foreign Service officers to carry out the commercial work overseas with the proper economic training and preferably with business experience—in order that this phase of our overseas work be made as effective as possible. The selection, training, and activities of these officers should be under the direction of the Department of Commerce.

It is felt also that the Bureau should develop a program through which businessmen could meet with Foreign Service officers of the Bureau when they return to this country. These officials would have much valuable information accumulated at their posts which would be very helpful in getting a complete and current picture of trade prospects in the areas involved. Possibly a program of periodic trade conferences at the Bureau's field offices would serve such purposes.

NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION,
New York, N. Y., February 28, 1955.

H. R. 1.

HON. HARRY F. BYRD,
Chairman, Finance Committee,
Senate Office Building,
Washington 25, D. C.

DEAR SIR: The telephone equipment section of the National Electrical Manufacturers Association, including Automatic Electric Co., Cook Electric Co., Kellogg Switchboard & Supply Co., Leich Electric Co., Reliable Electric Co., Stromberg-Carlson Co., and Western Electric Co., Inc., would like to express its views regarding H. R. 1, the bill to extend the Reciprocal Trade Act, and we request that this letter be included, if possible, as part of the records in connection with the Finance Committee's hearings.

It is certainly not our intent to argue against the desirability of increasing the volume of our trade with friendly foreign countries, provided it can be accomplished through reciprocal tariff adjustments and other concessions of a mutually advantageous nature. However, we do feel that any action taken in that direction is defendable and laudable only up to the point where the security, health, safety, and welfare of this Nation is not threatened, United States labor

is not deprived of the opportunity to work, and United States industry is not seriously injured.

There are certain industries in this country, including the telephone equipment manufacturing industry, which are vital to the defense of the United States, and any action taken which would adversely affect their efficiency or capacity could certainly place our country in a disadvantageous position in times of war, disaster or other national emergency. This fact was recognized in the minority report of the Randall Commission, from which we quote:

"Recognizing that certain industries, particularly public service industries such as transportation, electricity, and gas, and communications are basic to the entire economy in both peace and war, any sound policy would consider the necessity of insuring that their operation is not dependent upon any foreign sources of supply of equipment or maintenance which cannot be depended upon in any emergency."

The Committee on Economic Development, in their report on United States Tariff Policy, dated November 1954, likewise recognized the principle when they stated:

"The health of key defense industries is likely to be the foremost example of a situation where overall economic efficiency becomes of secondary importance."

We are attaching hereto a number of direct quotations from a report prepared by the President's Communications Policy Board in 1951 (exhibit A). That report also confirmed the fact that our country's telephone resources provide "the vital nerve system of our modern military establishment," and that they provide the "backbone of military telecommunications in time of emergency."

The telephone equipment manufacturing industry has become the nerve center of our entire industrial effort. The products of its manufacturers make possible the proper and adequate coordination of this industrial effort through the fastest, most dependable and efficient communications system in existence, not only during peacetime but, to a more important degree, during times of national emergency. When the enemy strikes, communications are truly as important as guns and bullets. For reasons detailed in the attached brief (exhibit B), any infiltration of foreign telephone equipment into our communications system could be disastrous. The communications system in the United States must not become dependent, to any degree, upon any foreign source of supply which cannot be depended upon in any emergency.

We therefore strongly recommend that the foregoing principle be officially recognized, and that suitable protection be written into H. R. 1 to insure that, as specific trade agreements and concessions arise, the products of those industries which are vital to the security, health, safety, and welfare of this country, and particularly the products of the telephone equipment manufacturing industry, are not included on any bargaining lists, and that no tariff or other concession be made which would facilitate or encourage the importation of such products.

Yours very truly,

LESLIE H. WARNER,
Vice Chairman, Telephone Equipment Section.

EXHIBIT A

EXCERPTS FROM TELECOMMUNICATIONS—A PROGRAM FOR PROGRESS, A REPORT BY THE PRESIDENT'S COMMUNICATIONS POLICY BOARD, MARCH 1951

"The telephone system of the United States is a financially sound, multibillion-dollar industry consisting of the Bell System and 5,000 independent companies. This coordinated system is providing the Nation with what is admittedly the best telephone service in the world. It is steadily improving that service by aggressive technological advancement" (p. 14).

"Telecommunications of course play a major role in the economic and cultural life of the Nation. They are the vital nerve system of our modern Military Establishment" (p. 10).

"The private telecommunications industry of the United States is one of the Nation's most valuable assets in peace or in war. The normal life of the country is supported and facilitated by it in numberless ways. In abnormal times, the industry can place at the disposal of the Nation a large reserve capacity built up because of its competitive structure. This capacity helps to take up the immediate surge of military requirements" (pp. 10 and 11).

"It is essential that the industry be in sound economic condition" (p. 11).

"Our normal industrial and commercial life is dependent upon the transmission of millions of messages and conversations each day. A rapid flow of information is necessary to the operations of Government. Public health and safety require rapid telecommunications. Quick transmission of communications in storms, floods, fires, epidemics, and strikes facilitates control, rescue, remedy, and restoration" (p. 52).

"The country's telephone and telegraph resources provide the backbone of miiltary telecommunications in time of emergency" (p. 52).

"The nerve system of national defense is the sum total of all communication systems that are available, operationally and potentially, for the prosecution of any emergency or war effort. * * * As the intensity and complexity of warfare continues to increase, correspondingly greater demands will be placed on the communication systems of the Nation from the standpoint of both circuit capacity and flexibility of operation" (pp. 52 and 53).

"In planning the defense of our cities against bombing, we need to be sure that communication can be maintained both within and between cities, * * * (p. 53).

"The national security requires that there be available, to expand or supplement the military-communications system, a nationwide, efficient, integrated, and diversified telephone system operated by persons loyal to the United States" (p. 55).

"Efficient, fully functioning civil operations which support the military operations are also necessary to a successful war effort. To function properly, civil activities such as commerce, manufacturing, transportation, exercise of Government, civil defense, fire protection, and public information must have adequate rapid communication" (p. 55).

EXHIBIT B

THE RELATION OF THE TELEPHONE EQUIPMENT MANUFACTURERS IN THE UNITED STATES TO THE SECURITY, HEALTH, SAFETY, AND WELFARE OF THIS COUNTRY

The telephone-equipment section of the National Electrical Manufacturers Association, including Automatic Electric Co., Cook Electric Co., Kellogg Switchboard & Supply Co., Leich Electric Co., Reliable Electric Co., Stromberg-Carlson Co., and Western Electric Co., Inc., beg to submit their joint views on the above subject.

With regard to the broader powers which will be delegated to the President if H. R. 1 becomes law, we would certainly not wish to argue against any action designed to improve our trade relations with friendly countries, provided that such action does not adversely affect the security, health, safety, and welfare of this Nation. However, we do feel very strongly that, when the time comes to consider possible tariff reductions and other concessions, those who are delegated the authority to make the decisions should under no circumstances think in terms of averages, or across the board reductions. Instead, they should make careful studies of each individual situation, and let their considered ultimate action in each case be based upon the circumstances involved and the effect of such action on our economy. It is not necessary for us to state, or attempt to prove, the obvious fact that whereas a tariff reduction on one item might be advantageous to all concerned, or of minor inconvenience to a segment of our population, a similar reduction in some other item might have most serious consequences, not only to many thousands of American workmen, but to the Nation as a whole.

From the standpoint of the communication industry of the United States, we feel that it would be a major mistake to open this market to the foreign manufacturers of communication equipment by making any reductions in our existing tariffs. In making this statement, a number of irrefutable facts have been taken into consideration, which facts we will comment upon below.

In the first place, there could be no real reciprocity. The principal foreign manufacturers of communications equipment who would benefit from reduced United States tariffs are located in Great Britain, Germany, Sweden, Holland, Japan, and Switzerland. In all of those countries, the telephone systems are owned and operated by the local governments, and where ample manufacturing facilities exist to supply their telephone equipment requirements, they purchase exclusively from their own manufacturers. They are keenly aware of the danger of becoming dependent, to even a limited extent, on foreign manufacturers for extensions, maintenance, or repair parts for their communications systems.

They know, and we know that, in time of war, such apparatus and parts would not be available from foreign sources for obvious reasons. It has consequently been impossible for United States telephone equipment manufacturers to sell to the operating telephone systems in those markets, and even if the foreign governments involved made a gesture of reducing their import tariffs to facilitate future sales, it would actually be only a gesture as the Government agencies who control the operating telephone systems and their purchasing policies would certainly not give serious consideration to purchasing any equipment from abroad which could be supplied from local sources.

In contrast to the foregoing, there are in the United States over 5,000 operating telephone companies, none of which are Government owned or controlled and all of which are completely free to purchase equipment from any source, domestic or foreign. Foreign manufacturers, with their extremely low wage rates, currency manipulations, and well-entrenched policies of subsidies in many forms, are in position to compete for such business on terms which would be virtually impossible, under existing conditions, for United States manufacturers to meet. As a matter of fact, most foreign countries are dollar hungry, and have urgent requirements for dollar exchange to pay for raw materials, military equipment, and manufactured products not available from local sources. To secure dollars, they would be most happy to attempt to penetrate a new lucrative market at completely uneconomic price levels. From their standpoint, to obtain substantial orders from the United States at actual cost, or at a price which would give them no profit but which would enable them to recover their cost of raw materials, labor and a part of their overhead, would be considered most attractive and desirable business. The effect of such unfair competition on United States manufacturers requires no elaboration.

To the idealistically minded economist, unlimited free competition might appear to provide incentive for the production of better machines, processes, and products, and to be a beneficial situation for the public. That might be true if all manufacturers could have the same basic manufacturing conditions, governmental selling assistance, et cetera. However, as previously indicated, foreign manufacutrers would, in the situation under consideration, have tremendous and unfair advantages over our domestic manufacturers.

It is also most important to consider the basic facts on the question of quality. There is no other country in the world where communication facilities are as good, fast, or dependable as they are in this country. This has, to a large extent, been made possible by the extremely high standard of quality and precision workmanship set by our manufacturers, which high standards are not generally found in the products of our foreign competitors who, in designing their equipment, are more concerned with the problem of meeting the heavy competition in export markets, moneywise, than in providing the utmost in perfect service. The infiltration of substandard foreign equipment into our nationwide system could only result in poorer service, a deterioration of overall efficiency, and eventual problems of tremendous magnitude and importance to our economy.

In addition to the question of mixing quality and nonquality equipment and apparatus, there is the vital question of obtaining equipment to expand existing systems, to maintain such systems, or to replace a part or all of such systems under disaster conditions or in time of national emergency. Prior to 1939, a majority of the operating telephone companies in Latin America were equipped with telephone switching equipment supplied by European firms. A few were equipped, at least partially, with equipment manufactured in the United States. When hostilities began in 1939, the supply of materials for expansion, maintenance, and repair were progressively shut off from the European factories, not only because the local factories in England, Germany, Sweden, et cetera, needed all of their facilities for pressing local requirements, but because it became physically impossible to make deliveries under war conditions. The South American operating companies immediately turned to the United States for their requirements, and while some small relief could be given, it was impossible to provide a complete service of materials and supplies for maintenance and repairs as the United States manufacturers were not tooled up to furnish the thousands of small parts required in a telephone system of foreign design. Also, under the then existing conditions, toolmakers and machine capacity were at a premium for our own defense requirements, and it was not economically or commercially feasible to allocate any part of our capacity to any such end use except in special high priority situations with vital defense implications. The result was that the efficiency of such foreign installations rapidly deteriorated, many became substantially inoperative, and many were forced to cannibalize

some segments of their systems in order to keep the balance in operation. In time of war, disaster or national emergency, a country's defense can truly be said to be only as effective as its communications facilities, and any breakdown or lowering of efficiency in the latter can result in most serious consequences.

In the continental limits of the United States today there are slightly over 600 individual suppliers who manufacture some of the many thousands of items used in the telephone business, and currently supply its day-to-day requirements. These suppliers are all motivated by a high sense of public duty and requirement, and recognize an unusual interdependence in the manufacture and supply to the industry. Many are dependent for their end product on other manufacturers to the industry, so that each bears an important relationship to the other. In addition, the major manufacturers have established warehouses throughout the Nation wherein they maintain stocks of materials to meet the normal and abnormal needs of the operating telephone companies. This not only provides rapid and dependable service, but makes it unnecessary for operating companies to carry more than a minimum of maintenance and repair parts. This, in turn, provides economies for the operating telephone companies which are reflected in lower rates for their subscribers. A substantial infiltration of foreign equipment could gradually disrupt this smooth-working and efficient system of supply, which has given this Nation the best and most dependable telephone system on earth.

The minority report of the Randall Commission stated, and we quote:

"Recognizing that certain industries, particularly public-service industries such as transportation, electricity and gas, and communications, are basic to the entire economy in both peace and war, any sound policy should consider the necessity of insuring that their operation is not dependent upon any foreign sources of supply of equipment or maintenance which cannot be depended upon in any emergency."

We agree with and endorse the foregoing conclusion in its entirety. It is unthinkable that the United States should ever get into the position where it is dependent, even to a limited degree, on a foreign source for the service and expansion of its communication system. Even if the source be physically available, actual supply under emergency conditions would depend upon the decision of a foreign government on the relative value of supplying our needs rather than their own at a time when total demands always exceed total available supply. If the source be physically unavailable, due to such emergency conditions, the only solution would be to divert scarce and skilled personnel in this country to the design and production of tools at the precise period when experience shows that such skills are a major bottleneck to the overall economic and military effort.

The United States has the largest and most progressive telephone-manufacturing capacity in the world. To willfully permit the introduction of equipment of foreign manufacture into its operating communications system and thus jeopardize its operations can scarcely be considered in accord with the national welfare, especially when ample manufacturing capacity exists in this country to handle all normal requirements.

It is difficult in a short presentation of this kind to more than mention the various points involved. However, we have much more detailed information at our disposal, and would be happy to either augment or substantiate any aspect of the situation.

In conclusion, the position of the manufacturers comprising the telephone equipment section of the National Electrical Manufacturers Association may be summarized as follows: Experience acquired during World War II has shown conclusively the folly of Western Hemisphere countries relying upon European sources for equipment and supplies to maintain and/or expand their telecommunications systems during war conditions. Tariff action to encourage the entry of foreign telecommunication equipment to the United States during peacetimes would not only be detrimental to both our domestic telecommunications manufacturers and labor force now, but might threaten seriously the ability of our native communication industry to duplicate in future emergencies their magnificent achievements during the crises of World War II. Prudence and sound judgment dictate that Congress should not consider or permit tariff reductions on the products of this industry. Instead, it is strongly recommended that they take steps to implement the recommendations included in the minority report of the Randall Commission by insuring that the products of those industries, including the telephone-equipment-manufacturing industry, which are vital to the security, health, safety, and welfare of this country, are not included on any bargaining

lists, and that no tariff or other concession be made which would facilitate or encourage the importation of such products.

ICHABOD T. WILLIAMS & SONS,
New York 1, N. Y., February 25, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

MY DEAR SENATOR: As one engaged in the business of manufacturing cabinet wood veneers used in the domestic construction of plywood, I am very interested in the bill known as H. R. 1, which I understand has recently been referred to your committee. The Reed amendment proposed in the House was, I understand, defeated.

I am enclosing a brief summary of the facts concerning the effect of the importation of foreign-made plywood into this country on our own plywood business. There is no doubt that these figures point up the necessity of some measure of relief to our own plywood industry, which in turn would affect, by chain reaction, its supplying industry, the veneer business.

The Reed amendment provided that in escape-clause actions the decision of the Tariff Commission on injury or threat of injury to an American industry was conclusive except where the President found that our national security would be affected. In my mind this was a very sound amendment, and the close margin by which it was defeated (206 to 199) indicates that the amendment had very considerable support.

The plywood industry represented by the Hardwood Plywood Institute has already filed with the Tariff Commission an application for a ruling on their appeal for relief under the escape clause of the Tariff Act, and I understand the Tariff Commission has acknowledged receipt of this appeal. If, however, H. R. 1 should be adopted in its present form the Tariff Commission would be left without jurisdiction to grant the necessary relief based on the peril point to the American plywood industry.

I, therefore, strongly urge that in your considerations of this bill you bring to the attention of your committee that there is a very definite peril to a going American industry, on which during the Second World War a good deal of the defense effort depended. To destroy this industry by permitting unrestricted competition by low cost foreign labor would be fatal to the industry and the only way to avoid it would be to provide a channel of relief through the Tariff Commission by appending an amendment to the bill for that purpose. I do sincerely trust that after reviewing and confirming the facts in the case your committee will recommend such an amendment.

Very truly yours,

ICHABOD T. WILLIAMS.

THE FACTS ON THE HARDWOOD PLYWOOD IMPORT MATTER

Under the General Agreement on Tariffs and Trade the United States rate of duty has been cut from 50 percent to 15 percent on birch plywood and from 40 percent to 20 percent on other species. The latest reduction was under the Torquay Agreement of 1950 which became effective in June 1951.

The plywood imported is made of hardwoods. The principal species volumewise are birch and lauan (Philippine mahogany). The grades, thicknesses, and types of glue are comparable to the domestic hardwood plywood.

Prior to 1950 the plywood imports were of a quantity that could be readily absorbed in the United States market. The principal exporting country prior to 1950 was Canada and the Canadian prices while lower, are sufficiently comparable to the domestic prices so that competition by the domestic product is not foreclosed.

Since 1950 plywood imports have increased fantastically as evidenced by the following table:

Year	Quantity (1,000 square feet)	Value for duty	Quantity increase	Percent increase
1950	63,362	$6,671,492		
1951	73,870	8,928,202	10,508	16.7
1952	85,782	10,823,934	22,420	35.4
1953	220,425	20,047,173	157,063	248.0
1954	434,800	32,668,000	371,438	600.0

Japan and Finland are the principal countries of origin. Together these countries account for 73 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet; in 1951, 12 million square feet; in 1953, 105 million square feet; and in 1954, 289 million square feet or 66 percent of total imports. An increase over 1950 of 5,740 percent. Finland's exports of plywood to the United States have increased from 1.3 million in 1950 to 32.0 for 1954, an increase of 2,460 percent.

Effect of imports on domestic industry

DOMESTIC SHIPMENTS

Year	Quarter	Shipments (thousand square feet)	Year	Quarter	Shipments (thousand square feet)
1953	1st	233,732	1954	1st	169,027
1953	2d	219,738	1954	2d	166,544
1953	3d	176,637	1954	3d	177,340
1953	4th	172,027	1954	4th	205,325

SHARE OF DOMESTIC MARKET

Year	Domestic product	Imports	Year	Domestic product	Imports
1951	91.1	8.9	1954, 2d quarter	67.0	33.0
1952	89.9	10.1	1954, 3d quarter	58.9	41.1
1953	78.5	21.5	1954, 4th quarter	53.3	46.7
1954, 1st quarter	76.3	23.7			

UNEMPLOYMENT—DECLINE IN WORK HOURS

A 19.3-percent reduction in force between first quarter 1953 and end of first quarter 1954; 26.8 percent reduction in work hours same period.

LOSS IN SALES AND PROFITS

First half 1954 against first half 1953: Dollar sales, 29 percent.
Operating profit: First half 1953, 7.9 percent; first half 1954, 0.25 percent.

UNFAIR COMPETITION FROM PLYWOOD IMPORTS

In 1953 Japan was the country of origin for 57 percent of all plywood imports. In 1954 Japan accounted for 66 percent. Finland accounted for 12.7 percent in 1953 and 7.3 percent in 1954. Japan and Finland accounted for over 73.3 percent of total plywood imports. In Japan the wage scale for a plywood worker is 11 cents an hour or about one-eleventh the average in the United States. In Finland the wage rate is 55 cents an hour or one-half that in the United States. Both Japan and Finland sell plywood to the United States at prices less than the domestic cost of a comparable panel. The Japanese are now offering firm contracts for one-eighth inch rotary lauan door skins at prices ranging from $38 per thousand square feet to $51 per thousand square feet f. o. b. Japan. This would indicate a c. i. f. duty-paid price of approximately $50 to $65.

THE FUTURE

Finland has a capacity to produce in excess of 600 million square feet of plywood a year. Japan is presently producing at the rate of 1,400 million square feet a year. Neither Finland nor Japan can use 30 percent of their production, in their home markets. Finland, therefore, has 400 million square feet to export and Japan a billion square feet. Japan alone has sufficient plywood for export to supply the entire United States market.

Japan ships two species to the United States, birch and lauan. Both are made in door skin sizes. The Japanese are presently concentrating on two markets, the flush-door market and the stock-panel market. Japan is now well established in the door market and as soon as that field is free from domestic competition, it will concentrate more on the stock-panel and the cut-to-size markets.

ACTIONS TAKEN

The HPI application for escape-clause relief has been accepted by the Tariff Commission. A hearing is set for March 22, 1955.

The HPI has asked the Tariff Commission to modify the concessions granted to foreign countries and to recommend the imposition of a quota. The Tariff Commission can only recommend. The President can accept or reject the Tariff Commission's recommendation.

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN,
Schenectady, N. Y., March 1, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR MR. BYRD: The American Association of University Women of Schenectady. N. Y., representing a membership of over 700, is in favor of passage of the Trade Agreements Extension Act of 1955.

We feel that the program of reciprocal trade agreements has served the best interests of the American people and has strengthened international relations. Extension of the act will continue provision for consideration of all American interests, of consumers, producers, and industries with export markets, as well as those which compete with foreign goods at home. We also feel that approval of the extension will bring further success to our foreign policy.

May we ask that your committee consider this legislation carefully and support its passage in the Senate?

Yours very truly,

Mrs. PETER D. JOHNSON,
Legislative Chairman.

HARLEY-DAVIDSON MOTOR CO.,
Milwaukee, Wis., March 1, 1955.

Hon. HARRY FLOOD BYRD,
Congressman from Virginia,
Chairman, Senate Finance Committee,
House Office Building, Washington, D. C.

DEAR SIR: This letter which we submit for the record, constitutes our formal and emphatic statement to your committee in protest against bill H. R. 1.

We are unalterably opposed to bill H. R. 1, because it places many important American industries and their employees at the unrestricted mercy of the executive branch, actually the State Department, in future international trade agreements. As the bill is now drafted, the State Department will have practically unlimited authority to do anything or everything it may please so far as foreign trade agreements are concerned. In recent years the State Department has obtained very little reciprocity for concessions it has granted.

It is a matter of common public knowledge that the American motorcycle industry has already been badly hurt by excessive imports of low-priced foreign motorcycles. It is also a matter of public record that foreign motorcycle imports in 1954 broke all previous marks. During the same year, exports of our motorcycles sank to a negligible quantity, to a large degree because of arbitrary restrictions of one kind or another imposed by foreign governments against American motorcycles. Under the terms of the proposed bill, this critical situ-

ation in our industry (and in many other industries) has dangerous potential of getting even worse.

We are not going to clutter up the record by including in this letter pages of import statistics covering foreign motorcycle shipments to the United States. These import figures, as you know, are quickly available from responsible governmental agencies, and it is sufficient to simply repeat that 1954 imports of foreign motorcycles reached an extremely critical record-breaking high.

Current news reports state that many foreign industries, in a variety of fields, are enjoying unprecedented booms. It is further reliably reported that there are labor shortages in foreign countries due to heavy exports, while men in the United States are losing their jobs because of excessive imports of particular commodities. Doesn't it seem reasonable that there should be a middle course that will enable other countries to earn dollars without throwing American labor out of work? The policy of our Government should not be so frozen as to preclude protection for certain efficient but vulnerable American industries. Is it democratic to ask a few exposed industries to carry more than their reasonable share of the load? This is definitely not in keeping with the average American's sense of fair play.

So far as the Harley-Davidson Motor Co. is concerned, we have never objected to imports or to greatly increased imports. However, we believe that imports which, because of their low production costs hurt efficient American industry and labor, should be controlled either by raising duties or by quotas. Don't you agree that our Government has a primary duty and a basic obligation to protect efficient American industry and American labor?

Our company favors increased imports of every imaginable commodity so long as legitimate, efficient American industries and their labor are not seriously injured as a direct result. We also are strongly in favor of truly reciprocal trade. If we are to open the floodgates to imports we in turn should be allowed at least a reasonable chance to sell American products, including our motorcycles, to the rest of the world. Free trade or freer trade should not continue to be a one-way street. Other countries should no longer be permitted to sell here indiscriminately and at the same time bar American products from their markets as they see fit. There is nothing reciprocal about that. In its emergency efforts to help all others, our Government seems to have completely forgotten the true meaning of the word "reciprocal."

Boiling it all down, we believe in increased imports, we believe in increased exports but we are convinced that our Government's import policy should be flexible enough to permit exceptions in the case of American industries and American labor which, through no fault of their own, are unable to meet price competition in their home market from foreign manufacturers paying wages so low as to be entirely unacceptable to American labor—in fact, below minimum American wages permitted by law where interstate shipments are involved.

If it is the intent of our Government to allow firms and industries like ourselves to be exposed to liquidation by low-priced foreign competition in our home market because such policy is deemed good, "for the national interest," then let us call a spade a spade and admit that is the real course our Government is pursuing. Firms like ourselves would much rather be bluntly told that our Government has adopted such a program, instead of being fooled by false hopes of relief through some form of so-called escape-clause machinery which sounds good on paper but practically worthless as now administered, or fuzzy hints of some kind of Government subsidies to tide us over.

We no longer have the patience to listen to people, invariably with no manufacturing experience, tell us that we should hastily and easily convert our production from motorcycles to some other product (we have spent almost 2 years and thousands of dollars on diversification efforts with no tangible results); or that we should have no trouble competing with 30-, 40-, or 50-cent an hour foreign wage rates (we pay approximately $2.25 per hour with fringe benefits) in view of our superior American know-how, advanced American production techniques, and greater productivity. We are also quite fed up with the unrealistic and unfair view that companies like the Harley-Davidson Motor Co., which was established in 1903, more than 50 years ago, should now be further hurt so that British, German, Italian, or Austrian motorcycle manufacturers can be made happy by giving them additional slices of the American motorcycle market which two generations of Harleys and Davidsons, and far more important, their hundreds of loyal employees have spent lifetimes building up.

Over the past 20 years our company has fully experienced the bitter effects of the 1934 Trade Agreements Act, and therefore feel we are in a well-informed

position to plead with you to take heed before more damage is done. During these past 20 years we have hopelessly watched our once highly important export business, a sizable percentage of our total volume at one time, dwindle to practically nothing today. This drop in our exports resulted, to a substantial degree because we have been arbitrarily kicked out of one country after another. During this same period, we have seen our home market increasingly invaded by low-priced foreign motorcycles imported to the United States from England, Germany, Italy, and Austria, where they are produced by workers paid anywhere from 25 cents to 60 cents per hour, compared with our $2.25 per hour with fringe benefits. These foreign motorcycles easily hurdle our modest import duty of only 10 percent and then undersell American motorcycles by 25 to 30 percent, model for model.

What has happened in our case as a direct result of this foreign motorcycle invasion? Simply this: our employment in 1948 totaled 2,458 factory workers and today it has shrunk to 893. Reasonable profits have long since vanished, and today we are scarcely breaking even despite a tight austerity program. Profitless firms produce no tax payments.

We urge you to turn back while there is still time. We appeal to you to kill H. R. 1 before it has a chance to further damage American jobs and firms. If your committee finally favors approving H. R. 1, and we urgently beg the members not to, then we definitely request that the 3-year extension now incorporated be reduced to 1 year. One year is ample extension for this untried and probably dangerous experiment. In addition, even with only a 1-year extension, an amendment to provide realistic controls over the executive branch should be added.

Defeat of H. R. 1 will put a halt to our wild rush to give the State Department additional blanket authority to make new, indiscriminate tariff cuts. It is about time to put on the brakes. Otherwise the American public should be told forthirght that many long-established and efficient American industries are now going to be further sacrificed on the altar of alleged international politics and diplomacy.

Respectfully submitted.

WM. H. DAVIDSON, *President.*

INTERNATIONAL AFFAIRS DEPARTMENT,
MIAMI CHAMBER OF COMMERCE,
Miami, Fla., March 1, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: This is to inform you that the International Affairs Department of the Miami Chamber of Commerce wishes to go on record as supporting H. R. 1, concerning the Trade Agreements Act, without any crippling amendments.

We would like to request that this communication be inserted in the record of hearings before the Senate Committe on Finance.

Thanking you for your kind attention and cooperation, I am,

Respectfully yours,

E. T. DESMOND, *Executive Director.*

HOME PRODUCTS INTERNATIONAL LIMITED,
New York, N. Y., February 28, 1955.

Re H. R. 1.

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: This company, a subsidiary of American Home Products Corp., makers of ethical drugs, proprietary products, packaged foods, and household products, is engaged in developing foreign business for the consumer items of its parent company. Operations consist of straight exports from the United States, or local manufacture in foreign markets where tariff or exchange difficulties make it impossible to import from the United States.

It is our conviction that there can be no expansion of exports from the United States without an increase of imports into the United States. This counry's exports amount to approximately $16 billion per year, and a great many Amer-

ican workers and employees earn their livelihood in the manufacture and export of these producing. To expand this volume and make it possible for foreign countries to pay for American goods we must give these nations an opportunity to earn dollars in our own market. This can only be accomplished by lowering some of the higher tariff barriers which exist in our tariff regulations. We are, therefore, backing the President's foreign trade bill H. R. 1 and the liberalization of trade which it seeks.

We know that several countries are very much concerned about the possibility that the bill might be crippled by the addition of amendments which would put further restrictions on some products which these nations are now selling in this market. We, as as an export company, know what effect such amendments would have on American trade. The nations so affected would naturally take retaliatory action by raising tariff walls against American goods. This, in turn, would result in our inability to export some articles to these countries and we would be forced into manufacturing them locally, to the detriment of the American worker.

Freer trade, on the other hand, will strengthen our allies, expand our own domestic economy and benefit the consumer by giving him a better selection of goods.

We are, therefore, urging the Finance Committee of the Senate to pass H. R. 1 without amendments.

Respectfully,

ERIK K. PFAU, *President.*

TRUAX-TRAER COAL CO.,
Chicago 1, Ill., March 2, 1955.

Hon. HARRY F. BYRD,
The United States Senate, Washington 25, D. C.

DEAR SIR: Since you are the chairman of the Senate Finance Committee, I wish to respectfully call your attention to H. R. 1, the Reciprocal Trade Agreements Extension Act, and particularly that section of the amendment limiting importations of petroleum products, including residual fuel oil to 10 percent of the domestic demand.

Although your State of Virginia is not one of the major coal-producing States, yet you are so closely associated with coal-producing States that we are sure you are aware of the tremendous impact made upon the coal industry by the importing of foreign oil, and particularly residual oil. It has forced great hardships on the miners, the businessmen in the mining towns, and the coal operators. There are many towns in the coal-producing areas that are on the verge of becoming "ghost towns" or are already at such a level.

We sincerely trust that with your keen analysis of national issues that you have always displayed, you will do everything in your power to keep any further harm from falling on the coal industry, which is vital to our Nation's economy and necessary to our first line of defense.

Sincerely,

A. L. SANDERS.

TEXTILE SECTION,
NEW YORK BOARD OF TRADE, INC.,
New York 7, N. Y., March 1, 1955.

Re H. R. 1, reciprocal trade agreement.

Hon. HARRY FLOOD BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: At the meeting of the textile section of the New York Board of Trade, Inc., held on Thursday, February 24, 1955, a resolution, as per the attached copy, was unanimously adopted.

We would very much appreciate your giving serious consideration to this matter along the lines suggested in the resolution.

Cordially yours,

HARRY F. LEGG, *Executive Secretary.*

RESOLUTION

Whereas the Textile industry provides work for more than 1,098,000 Americans; and

Whereas the related apparel and other finished textile products group employs another 1,182,000 Americans; and

Whereas the continued job security of these more than 2 million people is of vital importance to the continuing prosperity of our economy; and

Whereas American average textile wages are $1.30 versus 13 cents an hour in Japan; and

Whereas the continued stability of the textile industry is of great importance to our national defense: Be it

Resolved, That the textile section of the New York Board of Trade, Inc., goes on record as a vigorous opponent to any further reduction of tariffs of textile products; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, members of the Tariff Commission, and all Members of the United States Senate.

McLEOD PLYWOOD BOX CO.,
Wadesboro, N. C., February 28, 1955.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. BYRD: H. R. 1 which has been passed by the House, will come before your Finance Committee in the near future for consideration. Effort made in the lower House to incorporate therein the so-called Reed amendment was defeated by a narrow margin and, since there is no Senator from our State on your committee, I am taking the liberty of directing this communication to you to acquaint you with our feelings concerning the matter.

My company, as well as all of the industry with whom I come in contact, is definitely in favor of an amendment to H. R. 1 which will make the decision of the Tariff Commission on peril-point and escape-clause matters conclusive, except for materials required for national defense and of insufficient supply in the United States. We take the position that the State Department, although acting sincerely and conscientiously in connection with their prerogative, is primarily inerested in the foreign relations aspect of such tariff matters and are frankly not in a position to know the economic and social effect of tariff reductions, particularly in matters of this kind. American workmen have lost jobs in the plywood industry due to the magnitude of imports within the past 2 years of plywood into the United States which can be manufactured and shipped into this country under the present tariff regulations below the competitive United States market.

I wish to respectfully inform you of our interest in this matter, and cognizant of your intimate knowledge of small industry in the South, ask that you consider our position and use your great influence toward effecting some amendment that will place the decision squarely on the shoulders of the Tariff Commission, preserving, of course, a check on the action by the executive department.

Respectfully submitted.

J. F. McLEOD, *President.*

TARIFF ON SCISSORS

(By George E. Sokolsky)

NEW YORK.—It is easy to be theoretical about what does not affect one's own affairs. Actually for the amount of shears and scissors I would ordinarily buy, it would make little difference where the cutting steels come from. However, if I were manufacturing shears, scissors, surgical instruments, or manicure sets in the United States at this moment, I would be looking around for something else to do or I might even move my business to some other country and export the goods from there to the American market. It could be more profitable under H. R. 1, now before Congress.

Before World War I, most of the surgical instruments and supplies came to this country from Germany which specialized in this kind of commodity. Then during the war, the United States was caught short. Appeals were made to American manufacturers of scissors and shears to go into surgical instrument production, which required particularly skilled labor, workers with a high capability for precision. If this work group is lost by American firms going out of the surgical-instrument business, it will be difficult to reassemble the workers.

For many years, this industry was protected by a tariff which it regarded as reasonable. Meanwhile, American surgeons found it easy to get their own inventions and improvements manufactured here in the United States. The tariff, on

shears and scissors, has now been lowered twice and probably faces a third reduction. The American manufacturer is required to pay wages that are four times higher than wages paid to similar workers in Germany and he cannot translate the difference into a competitive price.

OUT OF BUSINESS

Result: American firms are closing down. The Shears, Scissors, and Manicure Implement Manufacturers Association states that the following firms have already discontinued manufacturing these commodities:

Berridge Shear Co., Sturgis, Mich.; Belmar Instrument Co., Belmar, N. J.; Birmingham Cutlery Co., Birmingham, Ala.; Case-Smiley Co., Fremont, Ohio; Cameron Manufacturing Co., Emporium, N. Y.; Arthur Dorp, Newark, N. J.; Harjan, Inc., East Orange, N. J.; Kafelt Manufacturing Corp., Keene, N. H.; Metroloy Corp., Canton, Ohio; Carl Monkhaus, Ellicotville, N. Y.; Progress Cutlery Co., Fort Smith, Ark.; Rex Cutlery Corp., Irvington, N. J.; T. E. Schneider Corp., South Norwalk, Conn.; Tri-Ess Products, Inc., Jersey City, N. J.; International Edge Tool Co., Newark, N. J.

Others are expected to follow. It is reported that in Solingen, Germany, and vicinity there are about 800 manufacturers of cutlery, ranging from family work at home to small factories. In addition to manufacturing at about one-quarter the American cost, this industry is subsidized by the West German Government which receives subsidies from the United States. American manufacturers cannot compete with low wage and indirect American subsidies to German firms, plus a low tariff.

The largest American manufacturer of quality shears and scissors is J. Wiss & Sons. They have now gone out of the surgical scissors business because they cannot remain in it competitively with Germany. The Clauss Cutlery Co. reports that it will have to do the same because "our production is almost down to nothing."

It is possible to say: Who cares? If Messrs. Wiss and Clauss cannot afford to make surgical instruments, let them go into some other business. They are not like dairy farmers who have to be subsidized; they do not have that many votes. On the other hand, if we get into world war III, are our boys to die because surgical supply necessities cannot be imported from Germany? That is the real issue—not whether individual firms will survive or not.

There is a theory that when American manufacturers cannot compete in the American market with manufacturers from other countries, they ought to omit making this particular commodity and devote their capital and skill to something else.

That theory might be sound in time of peace. But we are living in a world that is continually within a prospect of war. Therefore, it is essential to conserve those American industries which are needed for war production and those skilled laborers who are becoming all too rare in a period of automatic machine production.

That is a factor in our manufactures that ought to be weighed against the advantage that may come from supporting the economies of those nations which we want to keep on our side. The American industries involved are comparatively small and do not involve huge investments of capital or large numbers of workers. But what they do may be irreplaceable in time of war.

ANDERSON, CLAYTON & CO., INC.,
Houston, Tex., March 1, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: Recently the Twentieth Century Fund stated that a liberalization of our international trade policy would do more for the undeveloped countries than all our handouts to those countries.

Is it not time now that our international trade policy be overhauled to conform to our national interests instead of continuing to protect the assumed interests of small segments of the economy?

Hardly a single independent economist can be found who will not say that our national interest will be served by the adoption of policies which will substantially increase the exchange of goods around the world.

The administration's measure, as set out in H. R. 1, is an absolute minimum of what we ought to do at this time.

I respectfully urge your committee to support this measure and do your best to have it adopted by the Senate without crippling amendment.

Sincerely yours,

W. L. CLAYTON.

AMERICAN CHAMBER OF COMMERCE FOR TRADE WITH ITALY, INC.,
New York 18, N. Y., March 3, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: In connection with the hearings presently being held before your committee, we hereby enclose three copies of a statement of views of our chamber on the extension of the Trade Agreements Act.

It will be noted that said statement was originally submitted on the occasion of hearings recently held before the Committee on Ways and Means of the House with respect to H. R. 1. In view of the fact that this is the legislation now being considered by your committee, and because our viewpoint is of course unchanged we are now recommending our previous statement to your valuable consideration.

We will appreciate inclusion of our views in the record of the present hearings.

With sincere thanks for your cooperation.

Respectfully yours,

A. WILLIAM GEROSA, *President.*

STATEMENT OF VIEWS OF THE AMERICAN CHAMBER OF COMMERCE FOR TRADE WITH ITALY, INC., WITH RESPECT TO H. R. 1

This chamber—an American organization incorporated under the laws of the State of New York—comprises most leading importers of commodities from Italy together with firms engaged in exports to that country. The membership also includes other concerns interested in foreign trade, such as banks and insurance companies, air and shipping lines, international freight forwarders, etc. Therefore, our association's stand on the matters discussed herewith can be considered the viewpoint of a representative group of American enterprises deriving their livelihood from activities related not only to trade with Italy, but to world-wide exchanges in general.

We believe that:

(1) The Reciprocal Trade Agreements Act should be renewed, subject to certain changes in its present form, for a period of at least 3 years. With respect to the length of the act's renewal, we feel very strongly that instead of a 3-year period, as proposed in H. R. 1, the act should be extended for 5 or, even better, for 10 years. Such a policy is badly needed to avoid constant uncertainties, that in recent years have created in the United States and abroad an increasing atmosphere of disappointment and frustration, most harmful to the interest of American and foreign traders alike. An extended renewal would, on the other hand, allow the adoption of long-range production plans on the part of many industries here and in all countries doing business with us. Apart from this important contribution to economic stability the world over, we would also be offering proof positive that the United States has adopted and at last is pursuing a consistent course that will not be revised and perhaps, reversed after 12 short months.

(2) The proposed authority of the President to reduce duties by no more than 15 percent of the rate existing on July 1, 1955, but not more than one-third of this reduction to be applied in any 12-month period, should be granted.

(3) The proposal that the President be empowered to reduce by not more than 50 percent the duty existing on January 1, 1945, on articles not imported into the United States, or imported in negligible quantities, though by not more than one-third of this total reduction in any 12-month period, should also be adopted.

(4) Similarly, the proposal that the President be allowed to reduce to 50 percent ad valorem the duty on articles now subject to duty exceeding 50 percent of the value, though by not more than one-third of this total reduction in any 12-month period, is a step in the right direction and should be enacted.

(5) Though H. R. 1 does not recommend that the following two provisions of the act in its present form be modified, we believe they should be revised for the reasons we suggest herewith:

(*a*) The peril-point provision should be amended to avoid the danger of allowing inefficiently managed marginal industries to invoke protection which may result in hardships to the American consumer far in excess of the damage possibly suffered by said industries;

(*b*) The escape-clause procedure should be modified so as to discourage the numerous and often petty applications for relief which are being filed under the present setup. It is also very important that a definition of the concept of "serious injury" based on strictly defined economic criteria be sought and applied consistently in the future.

In addition to urging that all of the above points be given earnest consideration, this chamber suggests that every member of your committee, who will undoubtedly be subjected to a barrage of special-interest testimony urging protectionistic amendments to H. R. 1, keep in mind the following two propositions that in our belief are not only true, but worthy of being remembered at all times:

(1) It may be correct to argue that in a few special cases, the lowering of certain duties and trade barriers might result in local, temporary industrial hardships and labor dislocations. One the other hand, the fact is also true—and has by far wider economic implications—that United States industries directly engaged in import-export activities, plus other concerns (such as railroad, shipping and airlines, freight forwarders, stevedoring firms, etc.) also dependent on such trade employ workers in numbers so great that the welfare of millions of Americans is vitally linked with the development of international exchanges.

(2) In the final analysis, the national interest must be the factor governing all our decisions. And it cannot be denied that the establishment and consolidation of strong reciprocal economic ties among free peoples the world over, constitutes the best answer to our quest for international stability and peace—and at the same time assures that American industry and commerce will share fully the prosperity we are striving to maintain in our country and develop elsewhere.

Our chamber extends very sincere thanks for having been offered this opportunity to express its viewpoint on subjects that rate a very high priority on the agenda of the 84th Congress.

January 24, 1955.

Respectfully submitted.

AMERICAN CHAMBER OF COMMERCE FOR TRADE WITH ITALY, INC.

NEW YORK 13, N. Y.

CHARLOTTESVILLE, VA., *March 3, 1955.*

Hon. HARRY F. BYRD,
Chairman of the Finance Committee,
United States Senate, Washington, D. C.:

The American Association of University Women, Virginia Division, strongly urges the 3-year extension of the Reciprocal Trade Agreements Act without crippling amendment. The association believes that through the years the reciprocal-trade agreements program has served the interest of the American people by providing machinery whereby this Nation could seek mutual advantage in the exchange of goods with other nations and has provided consideration for all American interest, consumers, producers, and exporting industries as well as industries in competition with foreign goods in the United States market.

MARJORY RIVENBURG,
Legislative Chairman, Virginia Division, AAUW.
JUSTINA MACE,
International Relations Chairman, Virginia Division, AAUW.

ALGOMA PLYWOOD & VENEER CO.,
UNITED STATES PLYWOOD CORP.,
Algoma, Wis., March 2, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I solicit your support for an amendment to H. R. 1 now understood to be under consideration in your Senate Finance Committee.

This matter of imports has become an increasingly serious threat to the plywood industry in this State and elsewhere.

In 4 years plywood imports have increased 600 percent and now claims nearly half of our market, while our own industry is continuously forced to shorter production and lower income for our workers. Our labor simply cannot survive the competition of 11-cent Japanese labor. I attach statistical facts for your information.

Our Tariff Commission has long experience and expert knowledge of economic matters relating to this problem and I believe the best interest of our people requires an amendment to H. R. 1, which will reserve to the Tariff Commission conclusive decision in peril-point and escape-clause provisions of our tariff agreements.

I solicit your efforts to provide such an amendment and your assistance will be appreciated.

Yours very truly,

G. R. THOMPSON,
Vice President.

THE FACTS ON THE HARDWOOD PLYWOOD IMPORT MATTER

Under the general agreement on tariffs and trade the United States rate of duty has been cut from 50 to 15 percent on birch plywood and from 40 to 20 percent on other species. The latest reduction was under the Torquay agreement of 1950 which became effective in June 1951.

The plywood imported is made of hardwoods. The principal species volumewise are birch and Lauan (Philippine mahogany). The grades, thicknesses, and types of glue are comparable to the domestic hardwood plywood.

Prior to 1950 the plywood imports were of a quantity that could be readily absorbed in the United States market. The principal exporting country prior to 1950 was Canada and the Canadian prices while lower, are sufficiently comparable to the domestic prices so that competition by the domestic product is not foreclosed.

Since 1950 plywood imports have increased fantastically as evidenced by the following table:

Year	Quantity (thousand square feet)	Value for duty	Quantity increase	Percent increase
1950	63,362	$6,671,492		
1951	73,870	8,928,202	10,508	16.7
1952	85,782	10,823,934	22,420	35.4
1953	220,425	20,047,173	157,063	248.0
1954	434,800	32,668,000	371,438	600.0

Japan and Finland are the principal countries of origin. Together these countries account for 73 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet; in 1951, 12 million square feet; in 1953, 105 million square feet; and in 1954, 289 million square feet or 66 percent of total imports. An increase over 1950 of 5,740 percent. Finland's exports of plywood to the United States have increased from 1.3 million in 1950 to 32.0 for 1954, an increase of 2,460 percent.

Effect of imports on domestic industry

DOMESTIC SHIPMENTS

Year	Quarter	Shipments (thousand square feet)	Year	Quarter	Shipments (thousand square feet)
1953	1st	233,732	1954	1st	169,027
1953	2d	219,738	1954	2d	166,544
1953	3d	176,637	1954	3d	177,340
1953	4th	172,027	1954	4th	205,325

SHARE OF DOMESTIC MARKET

Year	Domestic product	Imports	Year	Domestic product	Imports
1951	91.1	8.9	1954—		
1952	89.9	10.1	1st quarter	76.3	23.7
1953	78.5	21.5	2d quarter	67.0	33.0
			3d quarter	58.9	41.1
			4th quarter	53.3	46.7

UNEMPLOYMENT, DECLINE IN WORK HOURS

Nineteen and three-tenths percent reduction in force between first quarter 1953 and end of first quarter 1954; 26.8 percent reduction in work hours same period.

LOSS IN SALES AND PROFITS

First half 1954 against first half 1953: Dollar sales, 29 percent.
Operating profit: First half 1953, 7.9 percent; first half 1954, 0.25 percent.

UNFAIR COMPETITION FROM PLYWOOD IMPORTS

In 1953 Japan was the country of origin for 57 percent of all plywood imports. In 1954 Japan accounted for 66 percent. Finland accounted for 12.7 percent in 1953 and 7.3 percent in 1954. Japan and Finland accounted for over 73.3 percent of total plywood imports. In Japan the wage scale for a plywood worker is 11 cents an hour or about one-eleventh the average in the United States. In Finland the wage rate is 55 cents an hour or one-half that in the United States. Both Japan and Finland sell plywood to the United States at prices less than the domestic cost of a comparable panel. The Japanese are now offering firm contracts for one-eighth inch rotary lauan door skins at prices ranging from $38 per thousand square feet to $51 per thousand square feet f. o. b. Japan. This would indicate a c. i. f. duty paid price of approximately $50 to $65.

THE FUTURE

Finland has a capacity to produce in excess of 600 million square feet of plywood a year. Japan is presently producing at the rate of 1,400 million square feet a year. Neither Finland nor Japan can use 30 percent of their production in their home markets. Finland, therefore, has 400 million square feet to export and Japan a billion square feet. Japan alone has sufficient plywood for export to supply the entire United States market.

Japan ships two species to the United States, birch and lauan. Both are made in door-skin sizes. The Japanese are presently concentrating on two markets, the flush-door market and the stock-panel market. Japan is now well established in the door market and as soon as that field is free from domestic competition, it will concentrate more on the stock panel and the cut-to-size markets.

ACTIONS TAKEN

The HPI application for escape-clause relief has been accepted by the Tariff Commission. A hearing is set for March 22, 1955.

The HPI has asked the Tariff Commission to modify the concessions granted to foreign countries and to recommend the impostion of a quota. The Tariff Commission can only recommend the imposition. The President can accept or reject the Tariff Commission's recommendation.

THE CARWIN CO.,
North Haven, Conn., March 2, 1955.

Hon. H. F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I believe you have before you for consideration H. R. 1, the trade-agreements legislation proposed by the House. I know you are fully aware of the many arguments that have been set forth on both sides concerning the wisdom of this particular bill but feel it should be brought to your attention

that insufficient attention has been given to the effects of the trade policies indicated thereunder on the revenues of our Federal, State, and local governments from corporate and personal taxation, and the fact that the present bill contains inadequate safeguards beyond the judgment of the executive branch to ensure the health of domestic business and hence Federal revenues.

It appears from executive testimony that the policy of sacrifice of segments of domestic business, if need be, to aid the well being of foreign nations has been adopted and well sold. The effect of this policy on Federal, State, and local tax revenues has been ignored even by the Secretary of the Treasury, and hence we seriously question the wisdom of executive judgment to operate under H. R. 1.

The only safeguards for domestic business are escape-clause, peril-point and Antidumping Act provisions of the law. The executive administration has authority under the bill to hamstring each and has, in fact, done so on numerous occasions.

I urge that serious consideration be given to these points for I believe, as many who testified believe, that American business and industry is seriously threatened.

Very truly yours,

RICHARD KITHIL, *Vice President.*

AMERICAN MERCHANT MARINE INSTITUTE, INC.,
Washington D. C., March 3, 1955.

Senator HARRY FLOOD BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR SENATOR BYRD: In connection with the hearings now being held by your committee on H. R. 1, the Trade Agreements Extension Act, the American Merchant Marine Institute wishes to express its opposition to the restriction of imports of petroleum products.

Representing, as it does, a substantial majority of American-flag shipping of all categories, the institute must, of necessity, be in basic opposition to any artificial or other restriction which might be placed upon the supply of petroleum products, partcularly residual-fuel oils on which it is completely dependent for its motive power. It is obviously absurd even to consider any such retrogression as a conversion from fuel oil to coal burning in America's merchant marine. There is thus no possibility whatever that any limitation upon the fuel-oil supply upon which our shipping depends could contribute directly or indirectly to any increase in the production or use of coal insofar as the merchant marine is concerned.

Refiners have indicated that a restriction upon imports of residual-fuel oils will produce a deficit in the supply of fuel which is needed to meet our national requirements. The tremendous advances in refining skills now produce great quantities of gasolines and other volatile products needed for our allied automotive transportation services with such efficiency that relatively less and less residual product is being left. Such economic utilization of our natural oil resources must continue. What must necessarily happen is that the reduced available supply of residual-fuel oils will result in substantially higher prices to the United States shipping industry, which is already overburdened with the highest operating costs in the world. Any such increase in fuel costs would be a substantial addition to the cost factors which are already tending to drive United States vessels from competition on the seven seas.

Not only our merhcant but also our military fleets of both combatant and commercial-type vessels are today entirely dependent on adequate supplies of residual-fuel oils. Therefore, the impact of any restrictions on the supply of this essential fuel will hamper not only our national economy but would seriously jeopardize the fourth arm of our national defense.

I respectfully request that this letter be made a part of the record of hearings on H. R. 1.

Sincerely,

HERBERT R. O'CONOR.

CALIFORNIA FISH CANNERS ASSOCIATION, INC.,
Terminal Island, Calif., March 4, 1955.

SENATE FINANCE COMMITTEE,
Senate Office Building,
Washington, D. C.
(Attention Hon. Harry F. Byrd, Chairman.)

GENTLEMEN: We wish to emphasize that our decision not to appear in person before the Senate Finance Committee in these hearings is not occasioned by lack of interest. In not appearing in person, we are seeking to comply with the wishes of the committee to avoid repetitious tesitmony and to conserve the time of the committee. We do wish, however, to include as a part of this statement, the text of our statement made before the House Ways and Means Committee on January 26, 1955, in opposition to H. R. 1 and the extension of the trade agreements program and are so attaching it.

Our opposition to H. R. 1 stems in the main from the policy fundamental of whether the levying of duties and tariffs and the regulation of the foreign trade in this country should rest with the Congress of the United States where it was placed specifically by our Constitution or whether it should be delegated to the executive branch of our Government where it could be used as an instrument of diplomacy without due regard to effect upon the business health of American industry.

It would appear that the present operation of our trade-agreements program has strayed far from its original course as understood by the people. The executive branch approach has been to stretch our trade agreements program to cover any subject related to foreign trade and tariffs which it did not wish to present to the Congress. We cite our adherence to the General Agreement on Tariff and Trade as an example. Other examples are the bypassing of the Congress through the nullification of the escape-clause provision of the Trade Agreements Extension Act by Executive decision and the nullification of the usefulness of the United States Tariff Commission through wholesale disregard of its recommendations.

We oppose enactment of H. R. 1 because it provides for an unwarranted uniform-cut approach to tariff rates. It empowers the executive branch to reduce tariff rates 5 percent a year for each of 3 years on any or all imports. Thus, it assumes that all products manufactured or grown or processed in this country are queally vulnerable to imports whether it be wood screws, garlic, textiles, canned tuna, or any number of other products. H. R. 1 takes an unwarranted uniform-cut approach by authorizing the executive branch to reduce to 50 percent tariff any item which exceeds 50 percent in rate. No analysis is required. H. R. 1 takes the unwarranted uniform-cut approach in empowering the executive branch to reduce tariffs by 50 percent on any article imported in negligible quantities. It does not define "negligible." Does this approach look far enough into the future to determine whether what might appear to be negligible now might have future great potential?

We oppose H. R. 1 because it is discriminatory. The cotton grower, the wheat farmer, the wheat-flour processor is completely insulated against imports through the application of firm quotas of negligible proportions. Yet H. R. 1 leaves the tuna processor, the pottery maker, the textile manufacturer, the chemical industry, and a host of others subject to these cuts without recourse. No import quota will be considered by the administrators of the present program.

We are opposed to H. R. 1 because the administration of our present trade-agreements program has brought the tuna industry of the United States to its knees. Further extension could well mean complet extinction.

Respectfully,

DONALD P. LOKER, *President.*

STATEMENT OF CALIFORNIA FISH CANNERS ASSOCIATION, INC., BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS IN CONNECTION WITH H. R. 1

My name is Donald P. Loker. I am president of the California Fish Canners Association, Inc., the members of which account for 87 percent of the total United States production of canned tuna. They also process sardines and mackerel.

Our industry is opposed to H. R. 1 for two reasons:

First, we believe your committee is interested in knowing how the canned-tuna industry, which we believe is a typical American industry, has been affected by the operation of the trade-agreements program over the years since the program has been in effect. We can illustrate best the difficulties caused us by contrasting

what has happened to us under the program with the situation prevailing in prior years.

The tuna industry first began to feel the impact of import competition in the year 1933. In that year Japan exported to this country canned tuna in an amount equal to 34 percent of domestic production. Because of the effect of these imports on our domestic industry, an application was made to the Tariff Commission for an investigation under section 336 of the Tariff Act which resulted in a finding that an increase in the tariff was necessary because of differences in the cost of production between this country and Japan. President Franklin D. Roosevelt accepted the Tariff Commission recommendation and increased the tariff to the extent found by the Commission to be necessary to equalize cost of production; that it, from 30 percent to 45 percent. Thereafter imports remained at this level enabling our industry and the Japanese industry to progress together in the development of the United States market for canned tuna.

That was the old system, Mr. Chairman, before the reciprocal trade agreements program went to work on our industry. When we had trouble we went to one agency of the Government. That agency made an impartial investigation and the President acted as he was permitted to under the law. Thereafter our industry and our foreign competitors knew exactly where everyone stood.

It was just as simple as that.

But what do we find when once the operation of the so-called reciprocal trade agreements program cast its eye upon us?

We find, Mr. Chairman, an entirely different picture. Here is what happened.

In November 1941, the Secretary of State issued a notice of intention to negotiate a trade agreement with Iceland. There was nothing in that announcement or in the trade agreement subsequently negotiated which seemed to have any bearing on the tuna industry. If anything, tuna was clearly eliminated by the announcement as we read it. Nor, in fact, did the agreement have any importance to the tuna industry at that time. In May 1942, while the negotiations with Iceland were still proceeding, the Department of State issued a new announcement of intention to negotiate a trade agreement with Mexico in which tuna was mentioned. That, however, was during wartime when all of our people were contending with far more serious problems than nonexistent imports so that we took no steps to protest. At any rate, our people probably reasoned, since we were fighting a war against Japan, our principal competitor, it was inconceivable that our Government would permit Japan ever to drive us out of the tuna business. That, Mr. Chairman, is where we made our biggest mistake.

While tuna, of course, has been our biggest concern, our industry also packs sardines, mackerel, the tunalike fish "bonito," and other species.

Since the end of the war we have been plagued by a series of trade-agreement negotiations, commencing with the Geneva negotiations in early 1947, and continuing up to this very minute.

We have not been able to escape participation in a single trade agreement negotiation from 1947 to the present. In every one tuna, bonito, or sardines have figured, and we have been required to appear, file statements, and go through all of the red tape usual to such proceedings before a governmental agency.

I need not remind you that such activities are expensive, both as to time and money.

The aforementioned trade agreement with Mexico became effective in 1943, and among other things provided for the reduction of duty on tuna canned in oil from 45 percent ad valorem to 22½ percent ad valorem, the maximum reduction permitted under law at that time. We have no knowledge of why canned tuna was considered in a trade agreement with Mexico, inasmuch as Mexico was no factor in the export of canned tuna to the United States. Accepted practice for the granting of trade agreements tariff concessions is to negotiate with the principal exporting country.

However, let's take a look at how imports of canned tuna from Mexico related to that practice. For the 3-year average prior to the negotiation of the trade agreement, imports of canned tuna from Mexico averaged slightly over $15,000 a year in value, or 2⅓ percent of total United States imports of canned tuna.

Now let's look at what happened to imports of canned tuna from Mexico after the trade agreement became operative. In the 3-year period immediately after the trade agreement became effective, imports of tuna from Mexico averaged less than $51,000 a year in value, or 1½ percent of the value of total imports from all sources, and since that time imports of canned tuna from Mexico have been so

inconsequential that they have not been sufficiently important to set out separately in official United States statistics.

As of June 30, 1950, Mexico abrogated the trade agreement for reasons totally unrelated to tuna. Six months' notice of this abrogation was required before the duty reverted to its former 45 percent ad valorem. During this 6-month period imports of canned tuna from Japan reached unprecedented proportions in order to get in before the increase in duty, and the year's imports constituted 34 percent of the United States market, as opposed to a normal share of 10 percent that imports previously took of the United States market. It took the domestic industry 2 years to recover from the shock of this volume of imports.

The Icelandic trade agreement also became effective in 1943. It is contended, wrongfully we believe, by administrative governmental agencies that this trade agreement reduced the duty on tuna canned in substances other than oil from 25 percent ad valorem to 12½ percent ad valorem.

In that particular agreement, a catch-all or basket category was established, which is interpreted by some to include the product "tuna packed in substances other than oil." But we vigorously contend that it was not pointed at tuna. We further contend that the wording of that agreement represented a sin of omission on the part of the persons from the United States Government responsible, and that such an omission was perhaps responsible for what we further contend is the misinterpretation of this agreement by the administrative governmental agencies. It is important for you to know that Iceland has never processed tuna, her fishermen have never caught any tuna, and consequently her exports of tuna are nonexistent.

That is where Iceland fits with relation to the accepted practice of negotiating with the principal producer in reducing tariffs through the instrument of the Reciprocal Trade Agreements Act.

In addition, the loophole created by the Icelandic trade agreement and its erroneous interpretation have resulted in the very opportunity the Japanese tuna industry sought and found. They immediately switched their production of tuna canned in oil subject to a 45-percent duty to tuna canned in brine at 12½-percent ad valorem. By this device Japanese exports of tuna to the United States have increased from their prewar 5-year average volume of 337,000 cases per year to more than 1,500,000 cases currently. It is underselling American-produced tuna on the grocers' shelves by as much as 10 to 12 cents a can. The domestic industry has been seriously harmed and the threat of further injury is most substantial.

The domestic-tuna industry has sought by every means available to it, through administrative channels, to rectify the damage done to it through the great disparity in tariff rates applicable to tuna canned in oil and tuna canned in brine. These efforts to date have been to no avail.

Let's look at the reciprocal features of the Reciprocal Trade Agreements Act. In the Summary of Foreign Control Regulations Applying to Imports from the United States which appeared in the June 7, 1954, issue of Foreign Commerce Weekly, published by the United States Department of Commerce, there is a tabulation of imports and exchange permits required in foreign countries as of May 1, 1954.

This tabulation shows that out of some 88 countries or customs areas in the world, 66 require prior import permits, while 41 require exchange permits for goods imported from the United States or other dollar countries.

It will be noted that in many cases the import permits automatically assure foreign exchange, while in other cases it is necessary for the importer to have both documents authorized by the respective governments.

These import restrictions can be used very handily to nullify or impair concessions that have been granted the United States in trade agreements under which we also made concessions but do not nullify.

To illustrate how foreign countries are continually changing import regulations and erecting further restrictions against imports from this country, we would like to give you as examples some typical changes which have been published during the past 3 months in Foreign Commerce Weekly:

On July 16, 1954, Ecuador revised 30 import tariff items (October 18, 1954, p. 9).

Mexico during September and October 1954 raised import duties on a long list of items (October 25, 1954, p. 10).

Guatemala imposed a new import duty of $0.10 per gallon on gasoline which was formerly free of duty (November 29, 1954, p. 14).

Iceland placed a special import tax on passenger automobiles in addition to the 35-percent permit fee. The new tax amounts to 100 percent of the f. o. b.

price when the country of origin is the United States or Western Europe (November 22, 1954, p. 13).

Import duties for the greater part of the Mexican import tariff have been modified by a decree published on November 18 apparently for the purpose of incorporating directly into the tariff the 25-percent general-duty increase of February 15, 1954 (December 6, 1954, p. 13).

The Irish Government set quotas for various imports (December 27, 1954, p. 11).

Syria changed a number of import tariffs (January 3, 1955, p. 11).

So much for that. I now would like to make an interesting observation concerning cause and effect. On page B–6 of the Long Beach Press Telegram of Monday, January 17, 1955, two articles of news interest appeared. One was an account of the appearance before this committee of the Honorable John Foster Dulles, Secretary of State, advocating H. R. 1. On the same page, a news story appeared under a San Diego, Calif., dateline, which announced the closing of the San Diego cannery of the Van Camp Sea Food Co., packers of Chicken of the Sea brand, and 1 of the 2 largest producers of canned tuna in the United States. The 800-odd employees of this cannery and many employees of suppliers are direct casualties of our trade agreements program. I offer these newspaper articles as exhibit A.

If there remains any further question as to why the United States canned tuna industry opposes a further extension of the Reciprocal Trade Agreements Act, I will revert to the vernacular and say, "Gentlemen, we've had it."

While the whole mater of extension of the Trade Agreements Act is disturbing, we find that section which deals with Japan particularly distasteful.

The language in this paragraph goes far beyond a simple extension of the Reciprocal Trade Agreements Act requested in the President's message to Congress on January 10. It would seem that instead of the primary purpose of the act; that is, the encouragement of reciprocal world trade with all its virtues, we are now substituting especial consideration to Japan, dictated by the expediency of her economic plight, in the form of tariff reductions, instead of direct aid or other forms of subsidy. Apparently, in the minds of those who wish it, the Trade Agreements Act of 1934 can be stretched to cover a multitude of situations not contemplated by the architects of the program—adherence to the General Agreement on Tariffs and Trade, for instance, and now this.

We are quite aware of the position of the administration in aiding the expansion of trade with Japan in order to retain the country within the orbit of free nations and we endorse that position wholeheartedly. However, if this is in the national interest—for the good of all our people—we wonder why a handful of American industries should be required to foot the bill.

Now, as to the second of our reasons for opposing H. R. 1: We are advised by counsel that this legislation and all previous reciprocal trade agreements legislation is probably unconstitutional.

The Trade Agreements Act of 1934 is unconstitutional—hence all trade agreements negotiated under it are unconstitutional—the Tariff Act of 1930 is the law of the land and its rates should apply.

Regardless of what the administration has elected to call them, every agreement negotiated under this act is in fact a treaty between the United States and a foreign nation.

Our Constitution requires that treaties with foreign nations be negotiated by the President and ratified by a two-thirds vote of the Senate:

"The President * * * shall have Power, by and with the Advice and consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur;" (art. II, sec. 2).

To date, all so-called trade agreements have been negotiated by our State Department behind closed doors and as far as we know the contents have never been submitted to the Senate or to the Congress, nor have they ever been disclosed to the public until after the agreement was consummated.

Each and every one of these actual treaties has reduced tariff rates on articles and commodities when imported into the United States. Under our Constitution the right to impose import and export restrictions is expressly reserved to the Congress as is the right to regulate interstate and foreign commerce:

"The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; * * *

"To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes" (art. I, sec. 8).

Our Constitution also expressly says that all legislation which provides revenue must originate in the House of Representatives:

"All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills" (article I, sec. 7).

Up until 1934, the raising and lowering of tariffs, since the very first Congress, has been recognized as revenue legislation. Yet the House of Representatives has not seen nor had an opportunity to pass upon a single one of the revenue-lowering agreements which have been negotiated and put in force. Call them what anyone will, agreements, treaties, or negotiations, the incontrovertible fact remains that they are revenue measures—United States revenue measures.

Now as to a constructive suggestion on how to remove the basic reason for our dissatisfaction and discontent:

We recommend a return to the constitutional method of adjusting tariffs by negotiating treaties with the advice and consent of the Congress. We see no reason why the Congress should now be considered unqualified to protect the international trade interests of the United States. It may be desirable to provide more adequate machinery to study the effect of tariff adjustments on the United States economy by strengthening the Tariff Commission, but we feel certain that such action can very easily be accomplished by the Congress. If it is considered that this would place too great an obstacle to successful prosecution of our foreign relations program, we strongly recommend that these treaties arrived at under the Trade Agreements Act be submitted to the Congress or at least to the Senate for ratification before they become operative. In such a way the various domestic industries which have a history of hardship under the trade agreements program would have an opportunity to place their problems before the Congress whose Members come from the country as a whole and who are both responsible and responsive to the people.

I thank you.

[From the Press-Telegram, of Long Beach, Calif., January 17, 1955]

DULLES SUPPORTS BILL FOR REDUCING TARIFF

WASHINGTON (AP).—Secretary of State Dulles today urged Congress to adopt President Eisenhower's lower-tariff foreign trade program to prevent "a chain reaction which would gravely damage and disrupt the free world."

Dulles was the leadoff witness in a lineup of 7 Cabinet members scheduled to testify today and Tuesday before the House Ways and Means Committee in support of the administration's trade policy.

The Secretary said the program, calling for a 3-year extension of the Reciprocal Trade Act with added power for the President to cut tariffs, "will promote the security and welfare of the United States" as well as boost the entire free world alliance.

Dulles said many American partners abroad are uncertain "as to the future trend of our trade policies—they fear we may shift to a policy of raising rather than lowering trade barriers."

He said unless these fears are stamped out by United States action, Soviet predictions of economic wars among the free nations would come true. He said this would provide Communist rulers "with another opportunity greatly to expand power."

Eisenhower program would give the President power to negotiate tariff cuts amounting to 15 percent over the next 3 weeks.

The idea is to encourage foreign producers to sell more goods in the United States, and thus earn more dollars with which they can buy American products.

Dulles took advance notice of criticism, chiefly from senior Republicans on the committee, that increased imports might hurt some competing American industries.

He said the program was drafted "so as to cushion our economy against undue shock by reason of competitive imports," that tariff reductions would be "very gradual," and the law would keep the present "escape clause" under which domestic industries hurt by imports may seek tariff increases.

Although Dulles defended the program chiefly as a bulwark to the free world alliance, he said, he hoped "I have not given the impression that the pending bill would primarily serve the economic interest of others. That is by no means the case."

Then he emphasized:

"But I do not hesitate to say that even if it were the case, I would still advocate the bill as needed to preserve the unity and vigor of the free world in the face of the terrible menace that confronts it."

UNION STUDIES VAN CAMP WORK LOSS

SAN DIEGO (AP).—The Food Canners Union of the International Longshoremen and Warehousemen's Association today called a meeting for Tuesday night to consider unemployment of members resulting from shutdown of the Van Camp Sea Food Co. plant here, set by the company for the end of this week.

The company announcement Saturday said the plant, employing 800, was being shut down indefinitely for economy reasons and that boats which have been delivering tuna to it would make future deliveries at Terminal Island, San Pedro.

Don Stover, secretary of the union, said: "This is not a seasonal shutdown. It appears to be the real thing."

WADSWORTH CHAMBER OF COMMERCE,
Wadsworth, Ohio, March 3, 1955.

The SENATE FINANCE COMMITTEE,
Senate Office Building, Washington 25, D. C.

DEAR SIRS: A unanimous vote of disapproval was registered recently at a meeting of the board of directors of the Wadsworth Chamber of Commerce to any reduction of the import tariffs relative to the match industry.

For over 59 years the Ohio Match Co., Wadsworth's leading industry, has employed over half of the industrial workers of the city. The company has, over this period of time, been held in high respect by the community as a whole. It has led to the prominence and growth of the city. They have been active in the civic welfare and improvements of the community.

Wadsworth is located some 10 miles west of Akron (the rubber capital of the world) where high wages are prevalent. In order to keep and maintain a high standard of living within the community, the Ohio Match Co. must pay wages comparable to those paid by the major industries in the neighboring cities. Because of this, the Ohio Match Co. and other manufacturers of matches in northeast Ohio are not able to compete with the manufacturers of foreign countries.

Since the advent of cigarette lighters, automatic lighting equipment, including stoves, the overall demand for matches has been decreased. The Wadsworth Chamber of Commerce is certain that further reduction in the tariff rates on the "penny box" would result in the inability of the Ohio Match Co. to maintain their annual output, thus affecting not only employers and employees of the company, but also the community at large.

The Wadsworth Chamber of Commerce, therefore is recording their disapproval of any reduction on import tariffs relative to the match industry.

Very truly yours,

RICHARD H. MOORE, *President.*

H. A. BAILEY—LUMBER,
Milo, Maine, March 1, 1955.

Hon. MARGARET C. SMITH,
Washington, D. C.

DEAR MRS. SMITH: On this question of lowering the tariff I would like to call your attention to a situation here in Maine that is hurting us badly.

That is in regard to the Canadian people coming over here with their cheap labor and buying our hard- and softwood logs and hauling them back in Canada.

And with their labor and perhaps no tariff on Maine license plates they can pay a price we cannot compete with I feel that we should have better protection on this.

We had a case of this kind this winter over around Skowhegan we bought a lot of logs standing and after that they came over here from Canada and offered the man a much better price.

But he was man enough to hold to the trade he made with us—this is just one case out of many. Today I was in Danforth and I heard the same story there.

Now, Mrs. Smith, if there is anything you can do to correct this we would appreciate it very much.

Sincerely yours,

EARLE W. BAILEY, *Attorney.*

NEW YORK UNIVERSITY,
SCHOOL OF LAW,
New York 3, N. Y., March 4, 1955.

UNITED STATES SENATE,
SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: America can be strong in peace or in war only if its productive industry is strong. Strength in a productive industry is not achieved by means of a sheltered immunity from competition. That is the way to weakness, not to strength. I take these to be self-evident truths.

Strength and efficiency in our jeweled-watch industry, as in all our other industries, cannot be promoted by reducing their competition. They will become weaker, not stronger, if they are given an assured market, free of the competition of the ablest producers in other countries.

In serving the American market, American producers already have the advantages of proximity and the efficient services of the most advanced economy in the world. If with these advantages they cannot compete effectively against foreign producers, they can be accurately regarded only as badly operated and weak for reasons which high tariffs manifestly cannot cure. As a citizen single-mindedly concerned with the well-being of my country in both peace and war, I should be greatly concerned if high tariffs were maintained to mask in time of peace the weaknesses which would then emerge, in terrible and catastrophic form, in time of war.

Those genuinely concerned with the well-being of this country and its wartime security must favor the removal of all tariffs as speedily as possible. For only when tariffs are removed, in peacetime, do we have a means of judging which of our industries are strong, which are weak, and what steps may be necessary in order to correct the situation, so that, during war, we do not find ourselves in a shocking and unforeseen state of weakness.

For these reasons I urge the approval of H. R. 1 as a necessary first step in the ultimate removal of all tariffs.

Sincerely yours,

SYLVESTER PETRO, *Professor of Law.*

BASSETT, VA., *March 3, 1955.*

Senator HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: You are in receipt of a letter from the Calypso Veneer Co., of Calypso, N. C., who manufacture plywood; and as I am a sales' representative for them, the matter in question affects me.

We are confronted with a serious problem of imported plywood from Japan and Finland. This imported plywood has cut deeply into the American plywood manufacturers business, as you can readily see from the enclosed copy "The Facts on the Hardwood Plywood Import Matter." We as plywood manufacturers in this country feel that we should have some protection along this line and would greatly appreciate anything that you can do to curb the flow of imported plywood. You can see from the enclosed facts that this plywood can be sold in this country for less than our actual labor costs only.

I know this matter has already passed the House of Representatives but I am hoping that it is not too late for something to be done on this matter.

There will be a plywood manufacturers dinner meeting at the Shoreham Hotel, in Washington, D. C., at 6 p. m., March 21, 1955. I am sure you have or will receive an invitation to attend this dinner, but I certainly extend to you a cordial invitation and hope you will be able to attend this meeting.

I do not feel it is fair for foreign workers to be favored over American workers and in no way do I feel that it is unreasonable to have a curb or check on the action by the Executive powers.

Anything you can do to help us will be greatly appreciated by me and also by the entire plywood industry, and I feel that you are one of the Senators that can accomplish this purpose.

Yours very truly,

JOHN C. BARNES.

THE FACTS ON THE HARDWOOD PLYWOOD IMPORT MATTER

Under the General Agreement on Tariffs and Trade, the United States rate of duty has been cut from 50 to 15 percent on birch plywood and from 40 to 20 percent on other species. The latest reduction was under the Torquay agreement of 1950 which became effective in June 1951.

The plywood imported is made of hardwoods. The principal species volume-wise are birch and lauan (Philippine mahogany). The grades, thicknesses, and types of glue are comparable to the domestic hardwood plywood.

Prior to 1950 the plywood imports were of a quantity that could be readily absorbed in the United States market. The principal exporting country prior to 1950 was Canada and the Canadian prices while lower, are sufficiently comparable to the domestic prices so that competition by the domestic product is not foreclosed.

Since 1950 plywood imports have increased fantastically as evidenced by the following table:

Year	Quantity (thousand square feet)	Value for duty	Quantity increase	Percent increase
1950	63,362	$6,671,492		
1951	73,870	8,928,202	10,508	16.7
1952	85,782	10,823,934	22,420	35.4
1953	220,425	20,047,173	157,063	248.0
1954	434,800	32,668,000	371,438	650.0

Japan and Finland are the principal countries of origin. Together these countries account for 73 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet.; in 1951, 12 million sqare feet; in 1953, 105 million square feet and in 1954, 289 million square feet or 66 percent of total imports. An increase over 1950 of 5,740 percent. Finland's exports of plywood to the United States have increased from 1.3 million in 1950 to 32 million for 1954, an increase of 2,460 percent.

Effect of imports on domestic industry

DOMESTIC SHIPMENTS

Year	Quarter	Shipments (thousand square feet)	Year	Quarter	Shipments (thousand square feet)
1953	1st	233,732	1954	1st	169,027
1953	2d	219,738	1954	2d	166,544
1953	3d	176,637	1954	3d	177,340
1953	4th	172,027	1954	4th	205,325

SHARE OF DOMESTIC MARKET

Year	Domestic product	Imports	Year	Domestic product	Imports
1951	91.1	8.9	1954 (2d quarter)	67.0	33.0
1952	89.9	10.1	1954 (3d quarter)	58.9	41.1
1953	78.5	21.5	1954 (4th quarter)	53.3	46.7
1954 (1st quarter)	76.3	23.7			

UNEMPLOYMENT, DECLINE IN WORK HOURS

A 19.3 percent reduction in force between first quarter 1953 and end of first quarter 1954; 26.8 percent reduction in work hours same period.

LOSS IN SALES AND PROFITS

First half 1954 against first half 1953: Dollar sales, 29 percent.
Operating profit: First half 1953, 7.9 percent; first half 1954, 0.25 percent.

UNFAIR COMPETITION FROM PLYWOOD IMPORTS

In 1953 Japan was the country of origin for 57 percent of all plywood imports. In 1954 Japan accounted for 66 percent. Finland accounted for 12.7 percent in 1953 and 7.3 percent in 1954. Japan and Finland accounted for over 73.3 percent of total plywood imports. In Japan the wage scale for a plywood worker is 11 cents an hour or about one-eleventh the average in the United States. In Finland the wage rate is 55 cents an hour or one-half that in the United States. Both Japan and Finland sell plywood to the United States at prices less than the domestic cost of a comparable panel. The Japanese are now offering firm contracts for ⅛-inch rotary lauan door skins at prices ranging from $38 per thousand square feet to $51 per thousand square feet f. o. b. Japan. This would indicate a c. i. f. duty paid price of approximately $52 to $65.

THE FUTURE

Finland has a capacity to produce in excess of 600 million square feet of plywood a year. Japan is presently producing at the rate of 1,400 million square feet a year. Neither Finland nor Japan can use 30 percent of their production, in their home markets. Finland, therefore, has 400 million square feet to export and Japan a billion square feet. Japan alone has sufficient plywood for export to supply the entire United States market.

Japan ships two species to the United States, birch and lauan. Both are made in door skin sizes. The Japanese are presently concentratiing on two markets, the flush-door market and the stock-panel market. Japan is now well established in the door market and as soon as that field is free from domestic competition, it will concentrate more on the stock panel and the cut-to-size markets.

ACTIONS TAKEN

The HPI application for escape-clause relief has been accepted by the Tariff Commission. A hearing is set for March 22, 1955.

The HPI has asked the Tariff Commission to modify the concessions granted to foreign countries and to recommend the imposition of a quota. The Tariff Commission can only recommend. The President can accept or reject the Tariff Commission's recommendation.

VETERANS OF FOREIGN WARS, OF THE UNITED STATES,
DEPARTMENT OF VIRGINIA,
Staunton, Va., March 4, 1955.

Hon. HARRY F. BYRD,
Senate Office Building, Washington, D. C.

MY DEAR MR. BYRD: The enclosed report was considered in meeting of our department council of administration which was held in Alexandria, Va., on February 20, 1955, and the action of Waynesboro Post 2424 has been endorsed by this department.

This information is being supplied you for consideration before action is taken by the Senate on reciprocal-trade agreements. Am sure you will do everything you possibly can to protect the textile and other industries of our country.

Yours very truly,

W. I. WOODDELL,
Department Adjutant.

TARIFFS AND THE VETERANS OF FOREIGN WARS, AUGUSTA COUNTY, VA.

Following a meeting of Post 2424, Waynesboro, January 13, 1955, at which the post went on record as supporting our position, Theodore R. Hartwick, past post commander, requested I prepare our case for presentation to you.

The subject is the effect imported goods, plus further reduction of tariffs, are having, and will have, on Virginia industries and upon veterans employed therein. The situation surrounding Crompton-Shenandoah Co. is presented as an example of what is happening all over the country.

Crompton-Shenandoah Co. is part of the Crompton organization which includes cotton mills in Georgia and Arkansas, finishing plants in Virginia and Arkansas, a selling office in New York, and salesmen all over this country, and in many foreign countries. Total employment is 2,500 people. Of these, 950 are employed here at Waynesboro.

Our products are cotton corduroys, cotton velveteens, and synthetic fiber velvets. At Waynesboro, approximately 300 people are directly engaged in processing velveteens.

Textiles are the fourth-ranking industry in the United States in respect to the proportion labor is of total cost. Velveteens are the textiles with the most labor in its cost. Because of this, textiles in general, and velveteens in particular, are easy victims to foreign competition, because the only real weapon a foreign manufacture has is his low wage rate. The average hourly earnings in the cotton textile industry are about $1.35. The Italian textile hourly average wage is 24 cents; the Japanese, 13 cents.

We have inspected velveteen plants in England, France, Belgium, Italy, and Japan. Generally speaking, they are as efficient as ours. We repeat that the only real weapon of the foreign manufacturer is low wages, and the foreigners are not inefficient noncompetiitve producers.

The art of making velveteen was introduced into this country by Crompton in 1876. The business flourished and provided employment for many until the early 1930's, when Japanese competition began to hurt us. In 1938 and 1939 the Japanese simply took the velveteen business away from us, and the other American manufacturers, at prices we could not begin to meet. World War II put the Japanese out of the velveteen business, and our velveteen capacity was devoted to making jungle cloth for the United States Navy foul weather deck personnel clothing. After World War II we returned to the velveteen business, only to be confronted by bitter competition from Italian and Japanese goods. The situation today is desperate. Below are industry statistics clearly showing the reduction in domestic production, sales, and share of the American market, plus the growth of imports, which has taken place.

Velveteens

Year	Domestic production (yards)	Domestic sales	Imports (yards)	Market percent of United States sold by domestic manufacturers
1951	8,094,559	$13,017,628	2,677,013	74
1952	8,246,496	12,417,564	1,728,033	81
1953	7,683,317	10,651,731	2,732,004	71
1954	4,787,018	7,871,672	4,530,407	55

In those 4 years, domestic production is down more than 40 percent; sales by domestic producers down about 40 percent; imports up about 74 percent; and the share of the American market served by domestic producers has come down from about three-fourths to about one-half.

What has this done to us here in Waynesboro? An excellent example is the velveteen cutting department. We employ today exactly one-half as many people in that department as we did in 1951. This pattern is repeated throughout our company, the velveteen industry, the entire textile industry, and the Nation as a whole. It is very serious. It poses forcefully the basic question, Is it wise to destroy jobs here in order to create jobs in Japan and Italy?

What is the current situation on prices? An excellent example is high-grade velveteen. The best Japanese velveteen, and it is good, is for sale in New York, duty paid, at 21 cents per yard lower than our manufacturing cost.

Let us consider the Japanese price. The goods are made of cotton, probably grown here. It is shipped to Japan. The goods are made there. They are sold there. Then they are shipped back across the Pacific. Then duty is paid. Then the importer adds something on for his expenses and profit. Everybody all along the line made a profit. When they are all done, the goods sell here for 21 cents

per yard less than our cost, without selling expenses or any profit included. How can the Japanese do it? Thirteen cents an hour opposed to a domestic average of about $1.35 an hour.

What is happening to velveteen tariffs? The rates in effect in 1930 were reduced in 1933, 1948, 1951, and are scheduled for reduction in 1955 in the negotiations for a Japanese trade agreement. Why are they being negotiated? Because the Japanese know that because of the great proportion labor is of total cost, textiles in general, and velevteens in particular, are their meat, and they have requested a further reduction in tariffs, although they are swamping the American market already. What are we doing about it? At each one of the tariff reductions above mentioned we struggled to prevent it. This time the entire velveteen industry chose a Crompton man as spokesman, and we have begged for mercy from the Tariff Commission and the Committee for Reciprocity Information, in both written briefs and oral presentations. We have explained the situation to our people and have asked their help. It is through this that we have the opportunity to present the matter to you.

We propose to file for relief under the escape clause of the Trade Agreement Act. Another branch of the textile industry recently did. The Tariff Commission approved their case. The President rejected it. Why? "The President admitted the low duty does injury (the industry) * * * but * * * (the items) are an important Japanese export * * * and any * * * restrictive action which would affect the stabilization of the Japanese economy could seriously hamper our overall security effort." The quotation is from a bulletin received January 14. And there you have again the basic question: Is it wise to create insecurity in our economy for the sake of Japanese economic security?

That ends the Crompton story. If your organization can help us, your help will be tremendously appreciated. Express your views as individuals and via your organization to your Senators promptly. The bill covering the extension of the Trade Agreements Act will be in the Senate very soon.

However, the Crompton situation is a minor one in the State and national picture. Let us look at the Augusta County picture. The biggest employer is Du Pont. The Waynesboro plant produces acetate rayon yarn. The acetate rayon producers have recently lost a battle with the Government over imports of foreign acetate rayon. Two new and welcome concerns are Westinghouse and General Electric. Both have recently complained to the Government, and I know one has sought the help of its employees and stockholders, concerning British heavy electrical apparatus coming into this country. I do not know the facts on American Safety Razor. I do know Japanese razors, identical to domestic razors, are available here at very low prices. What is the rest of the Augusta County picture? Generally speaking, the other employers are textile concerns, or various branches of agriculture. The textile industry is hard hit by foreign competition, and is fighting for its life in Washington now. Producers and processors of agricultural products enjoy good tariff protection, plus a complex structure of embargoes and quotas. If protection against foreign farm products is ever removed, as it has been on manufactured articles, it will be a sad day for the American farmer.

This means that almost every jobholder in Augusta County is threatened by foreign competition. If industries here suffer, merchants who serve their employees suffer. Farmers lose their market for their products. Everyone suffers. There are 100 counties in Virginia, 48 States, plus Alaska and Hawaii, in the Nation. What is happening to our velveteen business, and those employed in it, is happening to other employers here. Project the Augusta County picture to national scale, and its impact is tremendous.

It is the result of the 22-year-old campaign to reduce our tariff structure, already insignificant--about 70 percent of all goods coming into this country come in absolutely duty free—only 7 countries have tariff levels lower than the United States—so that foreign countries may share our standard of living, the highest in the world, which grew up from colonial times with, and because of, tariff protection. It is a beautiful and idealistic program. Its application is beginning to hurt. It endangers your job, your buddy's job, and mine. In my case, my job is endangered so a Japanese velveteen worker may prosper.

I don't like it one bit, and I hope you don't.

We appreciate tremendously the opportunity to present our case to you, and we apologize for the length of this letter. We urge you to think the matter over carefully in your organization, and express your views as individuals and as an organization to your Senators and Representatives. The basic question is: Should the jobs of members of the Veterans of Foreign Wars be sacrificed for the sake of foreigners' jobs?

THE FREIBERG MAHOGANY CO.,
New Orleans, La., March 2, 1955.

Senator HARRY F. BYRD,
Washington, D. C.

DEAR SENATOR: Since the passage of H. R. 1, this bill will now go to the Senate.

We request an amendment to H. R. 1 which will make the decision of the Tariff Commission on peril-point and escape-clause matters conclusive, except for materials required for the national defense and of insufficient supply in the United States.

Under the present law the State Department controls the determination on tariff matters. State is unqualified to judge the economic effect of tariff reductions and is solely interested in securing agreement without the least conception of the effect of the agreement on American industry. Determinations on tariffs should be made upon factual findings by specialists in the tariff field. As the decisions of the Tariff Commission are made within the confines of congressional criteria, such decisions should be conclusive and not ignored or rejected because States believes we cannot afford to say "No" to demands of foreign countries.

The hardwood plywood import matter is the case in point. Since 1950 plywood imports have increased from 63,362,000 square feet to 434,800,000 square feet in 1954—an increase of over 600 percent. Japan and Finland account for 73 percent of the total imports and their ability to undersell the American producers is a result of a wage scale of 11 cents per hour in Japan and 55 cents per hour in Finland. The total of the two is approximately one-half the average wage scale of this industry in the United States.

For the above reasons we solicit your support of an amendment to H. R. 1.

Cordially yours,

HARRY A. FREIBERG, Jr.

AMERICAN PAPER AND PULP ASSOCIATION,
New York, N. Y., March 4, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: The paper industry, in general, has approved all the recommendations of the Randall Commission regarding Reciprocal Trade Agreements and, accordingly, is in general accord with the provisions of H. R. 1. It is, however, very much concerned with the provision in H. R. 1 permitting the President to reduce by 50 percent the duty on any article normally imported into the United States in negligible quantities. Our concern arises not from the principle, but from the phraseology.

Our concern is primarily that what might appear to be negligible to Government officials, inured to the habit of dealing in terms of multiple millions, and even billions, could well be very substantial to a businessman whose finances are, unfortunately, never of that magnitude. Standard dictionary definitions of the word "negligible" offer no assurance. Webster, for example, defines "negligible" as something which may be disregarded. The same difficulty, of course, exists here. In whose eyes are the imports so small as to be disregarded? A dollar may be disregarded by a Rockefeller, but it may not be disregarded by an office boy.

It seems to us that the dilemma could be resolved in any one of three ways.

1. By striking the provision entirely. The purpose of the provision unquestionably was to eliminate from our tariff structure prohibitive rates of duty, but if an article is imported at all in the course of trade, the rate demonstrably is not prohibitive.

2. By use of a more exact word or phrase. This is difficult, at best. Perhaps the word "inconsequential" comes closest to the intent of the Randall Commission in making the recommendation. "Inconsequential" means, of course, of no consequence. Webster defines "consequence" in many ways, among others, "power to influence or cause an effect." Under this definition it would seem clear that an importation of sufficient size to have an effect on the domestic market for the particular article would not be inconsequential, and, therefore, the duty rate could not be arbitrarily cut by 50 percent. Because the word "consequential" has so many shades of meaning, if the word were to be used in the

statute, the particular meaning referred to should be identified in the committee report.

3. By retaining the word "negligible" but including in the committee report in unequivocal language a statement of congressional intent which, it seems to us, would have to be to the effect that whether or not an importation was of a negligible quantity would have to be determined from the point of view of a domestic producer of the same or a similar article. If the importation was so small that any domestic producer, in the exercise of reasonable business judgment, should disregard it, then only it would be of the magnitude considered negligible by Congress.

Very truly yours,

E. W. TINKER,
Executive Secretary.

STATEMENT IN SUPPORT OF RECIPROCAL TRADE AGREEMENTS EXTENSION ACT OF 1955 SUBMITTED BY MRS. ISABELLA J. JONES, CHAIRMAN, NATIONAL LEGISLATIVE COMMITTEE OF THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.

The National Federation of Business and Professional Women's Clubs, Inc., an organization of women actively engaged in business and the professions, supports H. R. 1, the Trade Agreements Extension Act of 1955. A legislative platform which includes support for reduction of trade barriers was adopted at the national convention held in St. Louis, Mo., July 1954, by the representatives of its 160,00 members organized in 3,000 local clubs in the 48 States, Washington, D. C., Alaska, and Hawaii. The federation's legislative steering committee, after examining proposed legislative measures related to our legislative platform, voted to endorse H. R. 1, concluding that it would help to remove barriers now hampering world trade. It is believed that an increase in world trade would result from the elimination of trade barriers and would advance the objectives for which this organization was established; namely, to promote the interests of business and professional women.

Action in support of reduction of trade barriers has resulted from a study by members of the national federation of the question of world trade. During the past year the national international relations program included an examination of the effect of trade on jobs and hometown business. The program suggestions, background information, and articles on trade were published in our magazine, Independent Woman, which was received by each of our 160,000 members. The program material and study outline on which to carry forward the study were sent to our clubs throughout the United States. In addition to club programs and public meetings held as a result of this study, there were surveys in many States to determine the number of jobs dependent on the production, processing, or movement of goods that enter into trade with other countries.

We believe it evident that world trade makes jobs for millions of employed men and women in this country. As some of our members are directly connected with the business of trading in our great port cities, others in industrial centers or smaller communities engaged in businesses using materials or producing goods which enter the world market, the question is of immediate concern.

It is realized by business and professional women that American business has become world business. Our prosperity and continued freedom depend in part on good business at home and abroad. Economic stability is recognized as basic to our ability to resist aggression and to build for peace. A healthy two-way flow of trade through a greater exchange of goods is deemed essential for full production and the upbuilding of America's strength. It has been found that materials from many countries are vital to our industry and defense production. New industries, national resources, and agricultural products have been developed as markets and materials are available. It is evident that increased trade helps to strengthen economic stability.

The sale of goods to other countries is tied in with their ability to earn dollars by selling their goods to us, to pay for materials and machinery needed for their defense production and everyday living. Increased trade adds to the strength of all free nations in the worldwide struggle for survival. At the same time it is believed that it can cut the cost of foreign aid and reduce taxes at home, which also directly affect employed women.

Tariff and trade costs add to the price of many items of daily use, affecting living standards and family income. It is therefore important that measures be adopted which will permit reduction or adjustment of tariffs and other barriers to trade in order to build a high level of economic activity in support of freedom and security.

YAKIMA, WASH., *February 27, 1955.*

Senator ALAN BIBLE,
Washington, D. C.

HONORABLE SIR: I had the pleasure of seeing your interview on TV last night.

Some of us old Democrats are on the spot when it comes to the reciprocal trade agreements. I noted with particular interest your statement that some of the zinc mines were down as a result of the tariff cuts.

The cherry industry of our State and Nation will be affected if we reduce tariff rates and allow foreign entry. Prices dropped from 10 cents a pound to 5 cents a pound the last tariff cut on small leriner cherries. Of course we left some of the cherries on the trees because it cost 3½ cents a pound to pick them and with culls out there was no use in salvaging.

In the spring of 1951 prices dropped to $1.80 a box f. o. b. Yakima on apples and of course this left nothing for the growers. Yet Canada kept shipping apples in and we hauled apples to the dump that were good enough for export if they had been shipped in the early part of the season. When all of this was going on apple shipments to England didn't improve. In other words under present conditions when we import we are liable to bring into our country products we do not need and deprive the people of foreign countries a product of their own which they could use but are too poor to buy it. In the case of Canada shipping in apples while we sent some of ours to the dump and none went export over normal the Canadians made no profit whatsoever on their exports to us. All they done was help keep the market demoralized. And that only because there was a few million bushels too many for our domestic needs over a given period.

Those few million bushels too many could have been shipped by the growers and shippers to a foreign country and the net price raise in our country would more than have paid the cost of exporting. Now I feel that if we are to develop a foreign market in cases like this we the industry are able and should set up an export organization sponsored by the Government to invest the bothersome surplus in foreign peaceful building projects. It is a fact that if we invest our export proceeds the receiving country can handle the deal with prices to us much higher than if they have to pay cash. In other words we can't lose because the domestic prices are higher and the Government will not get stuck on the deal. My own personal opinion is that if we do not work out our export problem along these lines the capitalist system will come to an end and Russia come out on top.

The United States does not have a foreign policy. By that I mean, Russia is promoting communism as a cureall and our British friends have always promoted free trade as a cureall. A tariff-free world may be the goal certainly not the means of solving world trade and establishing a world market for everybody. A price drop as a result of imports at the present time would be a final major disaster to this country and our friends in Europe.

In former times the foreign and domestic bankers became the foreign investors and they always did look for quick profits and the war industries always furnished them a market. Hence always wars. Now it must be different. The farmers and industry must be the investors abroad in peaceful industry then there will be grounds for peace. The real foundation for universal peace must be sharing of profits.

Now by that I do not mean that we shall pass a law to force a profit-sharing system to take away the profits. I say that regardless of prices and profits the customer should get his share and above all the worker in order to assure ample buying power. I do not believe any corp. has the right to set a price under present dangerous conditions that will pay the salaries and stock dividends. The prices and profits should take into consideration the worker and customer both foreign and domestic. I believe that most farm workers should earn enough to be able to buy a new house and car. And it can easily be done without breaking the farmer. For instance some farm workers cannot even

afford to buy apples a semiluxury product and we need their trade. They represent the new market as well as foreign customers.

Respectfully,

O. W. SWANSON.

4406 Englewood Avenue,
Yakima, Wash.

Chart of price ranges in apples as related to production

	National crop million bushels
1950–51, $1.85 f. o. b., preferred sizes, Winesap apples	121
1953–54, $4.75 f. o. b., preferred sizes, Winesap apples	98
1954–55 present, $4.10 to $4.25 f. o. b., preferred sizes, Winesap apples	102

Almost unbelievable 4 million bushels this year fully 50 cents per box less f. o. b., even though Great Britain purchased $1,250,000 "for export indirectly paid by United States Treasury."

But the big contrast is about $3 a box f. o. b. on the 1950 crop and the 1954 crop. "We will have the same this year with a like crop. Anybody can see it would pay to giveaway the surplus."

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
March 9, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Attached please find a letter I have received from Mr. Carl J. Mitchell, vice president of Local Union 12075 of the United Mine Workers of America of Midland, Mich., transmitting to me petitions in opposition to the enactment of the Reciprocal Trade Agreements Extension Act of 1955.

You will note that these petitions carry the signatures of 3,860 members of the union, employees of the Dow Chemical Co., of Midland, Mich. I have retained the petitions and the signatures in my office. I will be glad to make them available to your committee should you so desire.

I know that your committee will give consideration to the views of these people.

Sincerely,

PAT MCNAMARA, *United States Senator.*

DISTRICT 50, UNITED MINE WORKERS OF AMERICA,
Washington, D. C., March 9, 1955.

Hon. PAT MCNAMARA,
United States Senate, Washington, D. C.

DEAR SENATOR MCNAMARA: The membership of Local Union 12075, District 50, United Mine Workers of America, has authorized me to present to you and through you to the United States Senate the attached petition in opposition to the enactment of the Reciprocal Trade Agreements Extension Act of 1955.

The attached petition contains the signatures of 3,860 members of our local union who are hourly employees of the Dow Chemical Co., at Midland, Mich. Time did not permit the opportunity for the remainder of more than 6,000 members of our local union to express their wishes in this matter by signing this petition.

Our opposition to this legislation is based on the proposed transfer of the legislative duties of the Congress to the executive branch of the Government, and thus opening the door to endangering the job opportunities of our members through the importation of foreign chemical and allied products produced by cheap labor which is not even required to meet the minimum fair labor standards of wages under our laws let alone wages currently in effect in the chemical industry in the United States.

We respectfully urge your assistance in this matter and in support of our petition.

Sincerely yours,

CARL J. MITCHELL,
Vice President, Local Union 12075.

CALIFORNIA OLIVE ASSOCIATION,
San Francisco, March 8, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The California olive industry wishes to make its position known to you with respect to H R. 1 and related matters.

We are peculiarly sensitive to the long-range implications of H. R. 1 and must register with you our strong opposition to this legislation, unless some means for exempting olives under its provisions can be found.

So that you may understand the reasons for our opposition, we will briefly outline the position of the industry at this time relative to tariff and import matters.

Canned ripe olives, olive oil, and Spanish style green olives are the principal products of this industry. Because of the lack of effective tariff protection on the latter two items, these have become byproducts, with unsatisfactory returns to growers and processors. Canned ripe olives are the backbone of the industry, and during the past 50 years ingenious processing developments and gradual expansion of markets have brought the industry to a point where the outlook is favorable, provided its hard-earned gains can be protected.

During the past 6 months the industry has been faced with its first major threat of canned ripe olives from abroad. This threat, emanating from Spain, has been appraised as an indication of things to come. Up to now, the California olive industry, alone, has been successful in perfecting the techniques of canning olives. This knowledge has been the basis for the growth of olives to one of California's foremost tree crops.

Should canned ripe olives enter the United States under the same conditions as do other olive products at the present time, this industry could not survive. This is our principal basis for opposition to H. R. 1. It goes without saying that the California olive grower would be in a much healthier position today were he receiving any effective protection from imports of other olive products now entering the country.

You may be interested in a few facts concerning the industry. There are approximately 30,000 bearing acres of olives in the State. At present values, these properties are worth in the neighborhood of $35 million. Plant facilities to handle the crop might be replaced at around $15 million. It requires approximately $10 million in labor costs each year to take care of the crop in the groves, and to harvest, process, and sell it. The canner sales value of the pack amounts to around $20 million at the present level of approximately 2 million cases sold per year. These figures are sufficient to indicate our grave concern about the present trends.

For these reasons, we are opposed to H. R. 1 and would like our opposition to be made a matter of record with this committee.

Respectfully yours,

G. K. PATTERSON, *President.*

MONROE CALCULATING MACHINE CO.,
Kalamazoo 4, Mich., March 8, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: The Monroe Calculating Machine Co., of Orange, N. J., would like to go on record with you and the Senate Finance Committee in favor of H. R. 1, the Trade Agreements Act.

We do a worldwide business in an industry with virtually no tariff protection. The United States duty on various kinds of office equipment runs from 12½ to 15 percent. European countries, with some exceptions, and other countries in general throughout the world, have about the same low tariff protection.

There are many good, foreign-made business machines imported in this country. We compete with them here and we compete with them abroad.

In fact the office equipment industry might be cited as an example of the benefits of free trade, or at least a close approach to free trade. This healthy condition has resulted in increased employment, plant and sales expansion and foreign investment by us and by the industry as a whole.

We believe such a two-way freedom of markets is the stuff on which better understanding and world peace is built.

Sincerely,

ALFRED B. CONNABLE.

KABAR UNION CUTLERY CO., INC.,
Dawsonville, Ga., March 4, 1955.

Senator GEORGE A. SMATHERS,
Senate Office Building, Washington, D. C.

DEAR GEORGE: I am inclosing herewith a letter that I wrote to you on June 26, 1952. The condition has steadily grown worse and I plead with you to do something for our industry at this time when the matter is before the Senate.

There seems to be an exception and amendments to the bill that permit relief to certain types of business. The cutlery industry is suffering and need such assistance as this country is flooded with cutlery made by cheap labor and at a price that we cannot possibly compete with. The watch and clock industry was saved by such relief and we would like to be saved also.

Since World War II there have been many large cutlery factories that have had to quit the business and I know of one large plant that sold their machinery to some firm in South America. All of the cutlery factories made a very substantial donation to the war effort and we may need them again, to say nothing of the gainful occupation that this industry is giving to thousands of Americans.

England is now in an economical boom and does not need our reduced tariff, and certainly we have donated an enormous amount of hard cash and considerations to the other countries, and it is time that we took stock of our own small industries and save them from an economical depression.

Your assistance in the above will be greatly appreciated. I send my kindest personal regards.

Sincerely yours,

BOB GLASS,
Sales Manager, Southeastern States.

CURTIS COMPANIES, INC.,
AMERICAN PLYWOOD DIVISION,
New London, Wis., March 4, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: Attached is a summary in capsule form of the effect of the importation of foreign plywoods on the domestic industry. We are manufacturers of hardwood plywood and we are competing directly with these importations. Incidentally, we are competing very unsuccessfully. At the present time, because of the wide range of prices, we are buying imported plywood to stay in business. This plywood is coming to us from Japan and is known as lauan. It is an inferior product but we are using it in some of our finished goods. This results in lack of employment in our plywood mill for our local work force. We have no difficulty competing with domestic hardwood plywood manufacturers. We think we have an efficient operation but even with that efficiency we are absolutely unable to overcome the difference in wage rates in our plant and those rates paid in Japanese mills where their average rate is approximately 11 cents an hour.

We urge your support of an amendment to H. R. 1 which will provide that decisions of the Tariff Commission on peril-point and escape-clause matters are conclusive except for materials required for national defense or of insufficient supply in this country.

Sincerely,

H. O. SUGG,
General Manager.

THE FACTS ON THE HARDWOOD PLYWOOD IMPORT MATTER

Under the General Agreement on Tariffs and Trade the United States rate of duty has been cut from 50 percent to 15 percent on birch plywood and from 40 percent to 20 percent on other species. The latest reduction was under the Torquay agreement of 1950 which became effective in June 1951.

The plywood imported is made of hardwoods. The principal species volume-wise are birch and lauan (Philippine mahogany). The grades, thicknesses, and types of glue are comparable to the domestic hardwood plywood.

Prior to 1950 the plywood imports were of a quantity that could be readily absorbed in the United States market. The principal exporting country prior to 1950 was Canada and the Canadian prices, while lower, are sufficiently comparable to the domestic prices so that competition by the domestic product is not foreclosed.

Since 1950 plywood imports have increased fantastically as evidenced by the following table:

Year	Quantity (thousands square feet)	Value for duty	Quantity increase	Percent increase
1950	63,362	$6,671,492		
1951	73,870	8,928,202	10,508	16.7
1952	85,782	10,823,934	22,420	35.4
1953	220,425	20,047,173	157,063	248.0
1954	434,800	32,668,000	371,438	600.0

Japan and Finland are the principal countries of origin. Together these countries account for 73 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet; in 1951, 12 million square feet; in 1953, 105 million square feet, and in 1954, 289 million square feet or 66 percent of total imports. An increase over 1950 of 5,740 percent. Finland's exports of plywood to the United States have increased from 1.3 million in 1950 to 32 million for 1954, an increase of 2,460 percent.

Effect of imports on domestic industry

DOMESTIC SHIPMENTS

Year	Quarter	Shipments (thousands square feet)	Year	Quarter	Shipments (thousands square feet)
1953	1st	233,732	1954	1st	169,027
1953	2d	219,738	1954	2d	166,544
1953	3d	176,637	1954	3d	177,340
1953	4th	172,027	1954	4th	205,325

SHARE OF DOMESTIC MARKET

Year	Domestic product	Imports	Year	Domestic product	Imports
1951	91.1	8.9	1954 (2d quarter)	67.0	33.0
1952	89.9	10.1	1954 (3d quarter)	58.9	41.1
1953	78.5	21.5	1954 (4th quarter)	53.3	46.7
1954 (1st quarter)	76.3	23.7			

UNEMPLOYMENT—DECLINE IN WORK HOURS

Nineteen and three-tenths percent reduction in force between first quarter 1953 and end of the first quarter 1954.

Twenty-six and eight-tenths percent reduction in work hours same period.

LOSS IN SALES AND PROFITS

First half 1954 against first half 1953:

Dollar sales, 29 percent

Operating profit:

First half 1953, 7.9 percent

First half 1954, 0.25 percent

UNFAIR COMPETITION FROM PLYWOOD IMPORTS

In 1953 Japan was the country of origin for 57 percent of all plywood imports. In 1954 Japan accounted for 66 percent. Finland accounted for 12.7 percent in 1953 and 7.3 percent in 1954. Japan and Finland accounted for over 73.3 percent of total plywood imports. In Japan the wage scale for a plywood worker is 11 cents an hour or about one-eleventh of the average in the United States. In Finland the wage rate is 55 cents an hour or one-half that in the United States. Both Japan and Finland sell plywood to the United States at prices less than the domestic cost of a comparable panel. The Japanese are now offering firm contracts for one-eighth inch rotary lauan door skins at prices ranging from $38 per thousand square feet, to $51 per thousand square feet f. o. b. Japan. This would indicate a c. i. f. duty paid price of approximately $50 to $65.

THE FUTURE

Finland has a capacity to produce in excess of 600 million square feet of plywood a year. Japan is presently producing at the rate of 1,400 million square feet a year. Neither Finland nor Japan can use 30 percent of their production, in their home markets. Finland, therefore, has 400 million square feet to export and Japan a billion square feet. Japan alone has sufficient plywood for export to supply the entire United States market.

Japan ships two species of the United States, birch and lauan. Both are made in door skin sizes. The Japanese are presently concentrating on two markets, the flush door market and the stock panel market. Japan is now well established in the door market and as soon as that field is free from domestic competition, it will concentrate more on the stock panel and the cut to size markets.

ACTION TAKEN

The HPI application for escape-clause relief has been accepted by the Tariff Commission. A hearing is set for March 22, 1955.

The HPI has asked the Tariff Commission to modify the concessions granted to foreign countries and to recommend the imposition of a quota. The Tariff Commission can only recommend. The President can accept or reject the Tariff Commission's recommendation.

THE MCCORMICK SPINNING MILL, INC.,
McCormick, S. C., March 2, 1955.

Hon. HARRY F. BYRD,
The United States Senate, Washington, D. C.

DEAR SENATOR BYRD: Though I am not now one of your constituents, I am writing to you as chairman of the Finance Committee relative to the current bill pending before the Senate on the proposed reduction in the tariffs. Understanding the textile industry, as I am sure you do, there is little doubt in my mind but that you realize the tremendous significance that the reduction of the tariff barrier would have on the textile industry in this country.

For the past several years, the textile industry has been bordering on the margin between profit and loss even while some of our other major industries have been enjoying a rather reasonable profit. Should the tariffs be reduced and an increase in foreign made textile products be allowed to come into the country at a very much lower cost than we are able to produce them, it could deal the textile industry in the United States a staggering blow. Since the primary difference in the cost is the wage scale differential that we pay our people and that earned by foreign labor and since this differential is so widespread, there is little that we could do to overcome this tremendous disadvantage. Coming from Virginia, I know you understand these facts and are familiar with their implications and what could be dire results. It is my hope that you will do everything within your power to lend your influence to the defeating of the bill. I do not see sacrificing the textile industry in a gesture to fulfill an aim that I question would be achieved by this move.

Respectfully yours,

W. R. FISKE, *Superintendent.*

SOUTHERN ELECTRIC SERVICE CO., INC.,
Spartanburg, S. C., March 4, 1955.

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

SIR: I understand that the House of Representatives has passed the H. R. 1 administration sponsored Trade Agreements Act, which would lower the tariff on Japanese textiles imported into this country.

This is a very grave matter to the people who are dependent for their livelihood upon the textile industries of this country. If this bill is made into law, it will seriously affect millions of people, not only those employed directly by the textile industry, but other millions who are indirectly dependent upon textile manufacturing in their respective areas. In Spartanburg County alone, there are in excess of 22,000 persons employed directly in textile mills.

I firmly believe that the passage of this bill would have a detrimental effect upon the economy of this country and respectfully request that you do everything possible to keep this bill from becoming law.

Thank you.

Very truly yours,

WM. H. SMITH, Jr.

GENERAL MILLS, INC.,
Minneapolis, Minn., March 4, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I am in favor of the provisions of 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.

On January 10, 1955, President Eisenhower outlined to the Congress his recommendations for developing the foreign economic policy of the United States. His message contains the following statement:

"For every country in the free world, economic strength is dependent upon high levels of economic activity internally and high levels of international trade. No nation can be economically self-sufficient. Nations must buy from other nations, and in order to pay for what they buy they must sell. It is essential for the security of the United States and the rest of the free world that the United States take the leadership in promoting the achievement of those high levels of trade that will bring to all the economic strength upon which the freedom and security of all depends."

In my opinion no one who believes in the principles of free enterprise will take exception to the objectives outlined by the President. The controversies are therefore with respect to the means which are best suited to gain the desired ends. The President has outlined a positive program of working toward those ends. It may not be perfect, but it provides a reasonable working basis for developing a positive foreign economic policy over a period of years.

That portion of the President's recommendations concerning tariffs are embodied in H. R. 1. This proposed legislation has been studied thoroughly by the Committee on Ways and Means of the House of Representatives. It was reported favorably by a majority of that committee with minor changes, and it was approved by the House. I believe the provisions of the bill are sound.

Reciprocal trade agreements have been an important part of our foreign economic policy since 1934. H. R. 1 does not change the policy, but it does give the President greater freedom in trading relatively small reductions in our tariffs for concessions by other countries. Such tariff reductions generally will not be made precipitately but will be spread over a period of 3 years. The bill retains the requirements for public hearings, peril-point determinations, and escape provisions. The President must report annually to the Congress relative to the operation of the trade agreements program.

I am not an advocate of free trade. I believe that tariffs play an important part in regulating foreign trade. But I do believe that we should exercise leadership in encouraging foreign trade by removing obstacles carefully and methodically with due regard to the national security and the needs of the American economy. The President's program is designed to do just that. Tariff adjustments are only a small part of that program, but they are an

important part because they provide a basis for negotiations which can be beneficial to ourselves as well as to our friends abroad. We should trade fairly, and we should also see that we get fair value in return for whatever concessions we make.

We need strong allies. We have given them many billions of dollars to build their economic strength. They have made much progress since the war, but they are not self-sufficient. They need foreign trade to dispose of their products so they in turn can purchase the products and materials they must have. We cannot forever keep them dependent upon our dollars of charity. We do not want them to trade with the Communist countries, but unless we are willing to open our markets a little more, economic pressures will force them into avenues of trade which are distasteful to us. Japan is a good example. If we do not purchase more of her goods, where can she turn? The pressures within Japan for dealing with the Chinese mainland are already severe.

Approval of H. R. 1 by the Congress would be reassuring to the entire free world that the United States is sincere in developing a program of enlarged world trade which will be beneficial to all. In my opinion such reassurance would have a significant influence on our relationships with other nations in the development of foreign policy, because our foreign economic policy cannot be completely divorced from our general policies in dealing with other nations.

Like our domestic trade, foreign trade is a two-way avenue. For every added dollar of imports, we place another dollar in circulation abroad and it comes back to us to pay for an additional dollar of exports.

Many of our prominent economists advocate increased foreign trade as a means of strengthening our own economy. Therefore, the increased foreign trade which is expected to follow the enactment of H. R. 1 should have a stimulating effect on the economy as a whole. The concern with respect to this bill relates to the effect it may have on particular segments on our industry or on individual companies.

The President does not close his eyes to the fact that certain tariff reductions will make it necessary for some of our industries to make adjustments in their operations. That is why he wants changes to be made slowly so there will be time to adjust. In my opinion, those adjustments will be no more severe than the ones which are made from time to time in every industry as domestic competition improves its products, discovers ways to reduce its costs and develops new and better products for introduction to the public. It seems to me that it is fully as important to consider the possibility of adjustment of American business to added imports of selected items, as it is to consider the possibility of avoiding any injury to a domestic producer of such items.

It goes without saying that the President will find items on which the tariff cannot be lowered without serious harm to domestic industry. I have full confidence that he and his advisers will carefully examine the circumstances surrounding every item, so that his decisions will be in the interests of a strong domestic economy and in accordance with the intent of the Congress.

I am fully in accord with the recommendations of the President relative to foreign economic policy as outlined in his message of January 10, 1955. H. R. 1 is the first step in implementing that policy. I hope that this bill will be enacted by the Congress because it will strengthen the hands of the President in dealing with the problems of foreign affairs.

Respectfully yours,

HARRY A. BULLIS.

MOTION PICTURE EXPORT ASSOCIATION, INC.,
Washington 6, D. C., March 4, 1955.

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: In behalf of our association, consisting of the leading distributors of United States pictures overseas, I urge the committee and the Senate to approve H. R. 1, as advocated by President Eisenhower and passed by the House of Representatives.

Our film producers now derive approximately 45 percent of their revenues from abroad. In relation to size we are the largest single export industry in the United States.

Our foreign operations produce dual economic benefits. At home, they provide jobs and income to many thousands of employees. Abroad, they provide jobs and involve substantial expenditures and investments. They stimulate business and trade and commerce.

Without our export business, domestic film producers would be forced to curtail production and employment. Without our export business, many foreign lands would suffer economic losses.

In considering this subject, I urge the committee to take an overall view of foreign trade policy with respect to the interest of consumers, employment, and the national economy as a whole.

Even though our Government initiated the reciprocal-trade policy 20 years ago, I have found that some friendly nations continue to be somewhat skeptical of our future trade policy. The 1-year extensions of the act in the past have created doubts as to whether we might revert to a high-tariff program. Therefore, it seems to me that the 3-year extension proposed in the pending legislation is none too long. I favor this extension because I believe it will have a needed stabilizing effect on international trade.

Moreover, we cannot any longer consider our economic policies of purely domestic concern. They are coupled with our military security and with the military security of our allies. Our policy of mutual military security with friendly nations cannot be sustained without a policy of mutual economic security.

We need collective economic security as well as collective military security. By promoting economic security of the free world, we promote military security. A country weak economically is a prey for the aggressor.

In this crucial period we should not do anything that would weaken a friendly nation. It is true that the reciprocal-trade program will not cure all the ills of friendly nations, but it will assist in making them healthier economically, and stronger militarily.

I am convinced that if we should abandon the reciprocal-trade policy or cripple it by restrictive amendments, we would be seriously weakening ourselves and our friends. By continuing the policy we shall be fortifying the strength of the whole free world.

I believe therefore that our reciprocal-trade policy is of paramount self-interest.

Sincerely yours,

ERIC JOHNSTON.

COMMERCE AND INDUSTRY ASSOCIATION OF NEW YORK,
New York 7, N. Y., March 7, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Reference is made to H. R. 1, the Trade Agreements Extension Act of 1955, which has been approved by the House of Representatives and is now before your committee for consideration.

Our association, which is the recognized chamber of commerce for the New York metropolitan area and includes within its membership more than 2,000 firms engaged in import and export activities, wishes to go on record in full support of the continuation of the reciprocal-trade agreements program, and urges your committee to take prompt and favorable action on this measure.

As we already have pointed out in our presentation to the House Committee on Ways and Means, the enormous expansion which has taken place in our country's international commerce over the past 20 years can be attributed in great measure to the favorable atmosphere for foreign trade created during that time by the reciprocal-trade program. Further expansion in our foreign trade depends largely on the degree to which the United States cooperates in the reduction of trade barriers through reciprocal negotiations, and continues to maintain a policy of liberalized trade.

We respectfully urge your committee to approve this measure and to take every step possible toward its ultimate passage by the Senate.

Yours sincerely,

JOSEPH A. SINCLAIR, *Secretary.*

WILLARD OIL C., INC.,
Spartanburg, S. C., March 4, 1955.

Senator HARRY F. BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: I understand that, beginning this week, hearings are being held before your Finance Committee in regards to an administration-sponsored Trade Agreements Act. I am just writing you to urge that you consider seriously the adverse effect which a reduction in the textile tariff would have on a very large section of our country.

I live in a community which has 22,000 textile workers with a payroll of approximately $55 million a year. You can well understand what would happen to these workers if tariffs are reduced to the extent that these people would be thrown out of work.

The American workmen throughout this country have paid a terrific amount of taxes, which has gone in large part for aid in rehabilitating countries which were devastated in the war. With the tremendous debt which we now have on our people and the taxes which this necessarily enforces, it would seem a shame for us to build up foreign countries to the extent that they could turn around and undersell us in the market to such an extent that our own people who had done this would be thrown out of work and deprived of the opportunity of making a living.

I know that you are fully aware of the dangers in this matter, and I know that you will give this your serious consideration. I am urging that you think of our workmen before passing any legislation which would tend to give low-cost labor in Japan and other textile manufacturing centers an advantage over the American workingman.

I have noticed with tremendous amount of pride and satisfaction the wonderful job which you do in the Senate of trying to curtail expenses and to get our budget in line. I want you to know that I appreciate the work that you are doing and urge that you continue your efforts to cut the expenses of Government wherever possible.

Thanking you in advance for your careful consideration of this very vital matter in our section of the country, I am

Yours sincerely,

W. G. WILLARD, Jr.

AMERICAN GREETINGS CORP.,
Cleveland, Ohio, March 4, 1955.

Mr. CHARLES P. TAFT,
President, Committee for a National Trade Policy,
Washington, D. C.

DEAR MR. TAFT: We wish to thank you for your kind invitation to Morris Stone to testify in support of H. R. 1 before the Senate Finance Committee during the coming 2 weeks. Unfortunately Mr. Stone won't be able to lend his support to this cause due to other commitments, however, has asked that I write you as to our company's views.

We stand united in our beliefs that H. R. 1 is far more important than just another tariff agreement. It is even possible that reductions in the tariff schedules will give us additional competition from overseas. The more important part of this problem is that it will permit our allies to trade with us rather than being forced to trade with the Communist countries.

During the last 3 years I have traveled rather extensively in nearly all parts of the world with the exception of the Orient, and have developed certain basic opinions regarding the problem of tariffs. The one thing that was apparent, is that all countries are anxious to trade with the United States and buy its many versatile products. Our high tariffs, of course, prohibit this, and it becomes a question of how best to get around this obstacle without hurting our own economy and at the same time assuming the leadership in effecting lower tariffs.

This last year I was in Chile and while there visited a large printing plant in Santiago. The manager of this plant showed me numerous machines produced in Hungary and Czechoslovakia. His comments were that he wished he were able to purchase this equipment in the States. Unfortunately he wasn't able to buy here because of an unfavorable balance of trade. In this instance this firm was forced to do business with one of the Communist countries. Each year we are

spending billions of dollars to fight communism and yet through our tariff program we are forcing our allies to trade with the Communists, since such trade is prohibitive with ourselves. In my opinion this is one of the strongest and most basic reasons why we should take steps to effect a tariff program which would gradually bring about tariff reductions. This is essential because none of our allies, including ourselves, can live without exporting and importing. If we don't trade with our allies we force them to trade with the Communists as a matter of survival.

Secondly, I feel that our tariffs must be reduced in order to increase our own standards of living: (a) Through lower prices on imported goods and, (b) greater production of those many articles which are in demand throughout the world. I realize that the problem of reducing tariffs is not simple. I am sure, however, that a sound way can be found if the American people are properly acquainted with the facts, and tariffs are gradually reduced over a period of time taking into consideration the readjustments which will be necessary. In my opinion both the programs as set forth by the Committee for Economic Development as well as the one proposed by the Committee for a National Trade Policy are basically sound and set the pattern for future action.

We would appreciate your giving this letter to the Senate Finance Committee as evidence of our sincere belief that the passage of H. R. 1 is must legislation.

Yours very sincerely,

JAMES W. ROCKWELL, *Export Manager.*

HON. HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

The United Glass and Ceramic Workers of North America, CIO–CCL, hereby respectfully submits to you and your colleagues of both parties of the Senate Finance Committee our position pertaining to the reciprocal trade program that is now before the United States Senate Finance Committee.

We as trade unionists in a free society well recognize the need for trade among the free nations of the world today; however, we cannot agree with the theory of making the industrialists of foreign nations more secure financially at the expense of the American employer, American workman, and American taxpayer, as well as subjugating his own workers by a substandard of living. We also disagree with the traditional protectionists and isolationists who continually hammer that we must have higher tariffs if America is to continue the world's industrial giant she is today.

Let further concessions in the United States tariffs be made contingent upon the foreign producer's voluntary observance of our minimum wage law as set forth in the Fair Labor Standards Act.

In Los Angeles, Calif., on December 6–10, 1954, the 16th constitutional convention of the Congress of Industrial Organizations was held and certain resolutions were passed. May I call your attention to resolution No. 39 on foreign policy that was passed unanimously and deals directly with foreign trade agreements.

I quote word for word from this resolution. "CIO further urges that foreign trade agreements be based upon natural advantages such as traditional national skills and resources, rather than substandard wage scales. We urge that international fair labor standards be applied, particularly to articles for which tariff reductions are sought. CIO feels that the gains from maintaining and increasing the level of foreign trade must be shared by those producing the goods. We are not interested in a program which would simply enrich speculative importers or profiteers from forced labor."

In the development of the American free-enterprise system, we in the labor movement in the United States have helped accomplish something unique. Nowhere else in the world are the products and increments of vigorous production so widely shared, but still we have been unable to solve peacetime unemployment and in our opinion have not kept abreast of the profits. We are all accustomed to seeing United States factory workers ride to work in their own automobiles, while factory workers elsewhere walk or ride bicycles.

Whether the yardstick is the per capita number of telephones and TV sets, or the amount of food consumed, or the variety of clothing, or the kind of housing, our average fellow citizen lives well compared to his European cousin.

Because the United States worker benefits or has a part in our peculiar form of free enterprise, the Communist movement here is limited to a handful of

misfits or hard professional fellow travelers. The worker abroad has no such stake in capitalism as he knows it and our European recovery program dollar or Mrashall aid program has not reached into the masses and too much of this dollar has been raked off at the top by the bluebloods of the industrial world of Europe. It is small wonder that among the European worker it is hard to find so rugged implacable a foe of the Marxist doctrine as Walter Reuther.

This system of ours was not always here nor did it flower overnight. A century ago, the disparity between great wealth and miserable poverty was as great here as anywhere. Men were exploited and the fruit of their labor was scant and wormy. But as men and women pushed back our frontiers, held their own land and farmed it, the dignity of toil became a venerated tradition. Leaders of labor played on this tradition in their grim and sometimes violent insistence on more equitable sharing of what they helped to produce. Slowly the American worker began to pull ahead of his European counterpart.

Then came a day when the American industrialist and businessman realized that his own employee when paid a fair standard of living was the greatest purchaser of the goods he helped make.

Sales managers suddenly discovered millions of prospects who had more money than that required for subsistence. New products were designed to suit the taste of this new market. New methods of advertising were developed to reach it. New methods of financing purchases were invented.

Does anyone now imagine that Betty Furness is selling refrigerators to the handful of people who live in Westchester, Sewickley, and Grosse Point? Such a market, which once was all there was for luxury items would not keep the factories she represents busy for more than a day or two. It is the men and women who toil with their hands who constitute our great consuming market. It is they at whom Betty Furness, and Arthur Godfrey, and Ed Sullivan, and Gary Moore—and all the great pitchmen—are aiming.

As a people, we have recognized this. We know that the earning power of American workers is the cornerstone of our economy. It is their earnings, contrasted with the comparative pittance paid workers elsewhere in the world, which makes American free enterprise unique.

Our belief in a high standard of wages is written into law. The Fair Labor Standards Act prescribes that all firms doing business in interstate commerce must pay a minimum wage of 75 cents per hour and must pay time-and-a-half overtime for all hours in excess of 40 per week. The law does not say that only firms located in a high-rent area must pay such a wage. A company located in Mississippi must meet that minimum wage just the same as another company located in New York. The law does not say that only companies who can afford to pay workers 75 cents per hour need pay it. If a company cannot afford to pay it, they must close their doors. The majority of both Republicans and Democrats are in agreement today that the 75-cent minimum has outlived its usefulness and must be raised.

And yet those who are urging still further reductions in the already riddled United States tariff structure are asking that we thus extend all rights and privileges of our interstate commerce to foreign companies who need not, and they do not, obey the law that their American competitors must. It is an intolerable thing when Americans cannot appear before their own courts as equal litigants.

If we, who voice such pride in our American way of life, really believe in it, if we believe it is better than the traditional brand of capitalism still existing abroad and which we so painfully modified, if we believe our kind of free enterprise is the bulwark of the free world, it is incumbent upon us to spread the light.

Those who advocate giving foreign businessmen even freer access to our markets by yet more reductions in our tariffs seem to believe that the profits will somehow filter down as higher wages and better living standards for foreign workers. If this is in fact the probable eventual result, and if we are agreed that it is a desirable objective, United States foreign policy should be one of positive encouragement and implementation.

Let any further concessions in United States tariffs be made contingent upon a foreign producer's voluntary observance of our minimum-wage law as set forth in the Fair Labor Standards Act.

Obviously, from the traditional protectionist point of view, such a position would not equalize costs of production. What would be accomplished is to guarantee that the benefits of any concessions made in the United States tariff

structure would accrue to European workers—not to employers exclusively. We are engaged in a struggle with Russia for the minds of workers in the free world. The knowledge that United States policy included so direct and understandable a means of raising their standards of living would be a measurable weight thrown into the balance. And a raise in rate to our minimum legal wage would be believable, and in many industries readily attainable, whereas a proposal to equalize actual wages paid would be neither.

Let those who believe that efficient and highly mechanized production techniques are unknown elsewhere stop deceiving themselves. While it is true that foreign automobile manufacturers do not use the tools, dies, jigs, and fixtures that American manufacturers do, it is only because the sale of foreign cars is restricted to their rich. And since the number of cars sold is therefore small, heavy tooling costs cannot be prorated over hundreds of thousands of units. For their limited production, hand fabrication is cheaper. After all, workers who make 45 cents per hour cannot think in terms of a personal car.

But we Americans have no monopoly on production brains and inventive genius. There are literally dozens of "blue chip" American manufacturers who, in the last 2 years, have adopted foreign-invented processes and methods because of their efficiency.

Where foreigners can profitably use mass production methods, they do. This is true in virtually all manufactured products made by foreign producers for worldwide sale. And where a product is made here and abroad on the same machinery and by the same methods, there would appear to be no reason why a foreign manufacturer, selling in the American market, should not pay the legal minimum wage that American manufacturers must pay.

In the American tariff structure, low as it is compared to that of other countries (of the 43 countries of the free world only 7 have lower tariffs, and none of these are major producers) we have a bargaining lever to raise the level of workers wages abroad and to extend beyond these shores the tenets that have blown life into the words cut in stone on Bedloes Island. We must not sacrifice our only bargaining instrument without some guaranty that the benefits will reach and hearten the people on whose behalf we are asked to make concessions. The strength of the free world depends on the soundness of its economy. We Americans have good reason to know that a sound economy must sustain the well-being of the many—not a favored few.

When our representatives sit down to negotiate trade agreements, let them hold that the aid in trade we proffer is to alter and improve a shabby concept of capitalism which few of our citizens would now recall as "the good old days," and only tends to make the rich more rich and the poor more poor, as well as discontented, and above all never a customer.

Our membership today in the flat glass industry has an average earned rate of approximately $2.93 per hour, while the average European glass worker averages approximately 45 cents per hour.

The following arguments relate in specific detail to the flat glass industry, but they apply with equal force to any American industry whose foreign competitors use machinery and manufacturing methods similar to those used in this country. For, unless there is substantial difference in the availability of constituent raw materials, the cost of labor must determine which finished product has a price advantage.

The raw materials which are required for the manufacture of glass—principally silica sand, soda ash, and limestone—are found readily in all parts of the world. Therefore, wherever fuel (usually natural gas) is abundant, a glass factory can be located.

Production machinery for the manufacture of flat glass is the same on both sides of the ocean. For example, window glass is made in a continuous tank-type furnace into which mixed raw materials are fed at regular intervals. From the opposite end of the furnace, the molten metal is drawn in a continuous ribbon. The width of the ribbon remains constant, and the thickness of the sheet is determined by the speed of draw. In the Libbey-Owens-Ford process, the ribbon of glass passes through a horizontal annealing oven and, in the Fourcault process, through a vertical annealing oven. In both processes, a continuous sheet of finished window glass emerges from the other end of the annealing oven where it is cut into sizes convenient for handling. Every major producer of window glass throughout the world uses one or the other of these two processes.

Since equally available raw materials and fuel are used in identical production machinery to produce both foreign and domestic window glass. It is obvious that any cost differential in the finished product results from differences in

the cost of labor—labor which erects factories and the production machinery, labor which is a factor in the production and transportation of raw materials and fuel, labor in the manufacture and fabrication of the finished product.

Precisely the same factors as apply to window glass production apply also to the manufacture of plate glass, the surfaces of which are mechanically ground and polished after the continuous sheet of glass emerges from the annealing oven. Again, all major producers use the same processes and equipment.

Since direct labor costs in flat glass manufacture are a very substantial part of the selling price of the finished product (in 1953, wages, salaries, and benefits were roughly 38 percent of total sales), it is obvious that higher American wage rates must be reflected in a substantially higher price. Further, higher American wages to workers in raw materials, fuel, and transportation are reflected in the prices American glass manufacturers pay for these goods and services.

On shipments to American coastal cities, foreign flat glass producers enjoy freight rates which are lower than rail rates from domestic glass factories to those same cities. Examples of these comparative freight rates, per 100 pounds, follow:

To	From Antwerp	By rail from nearest United States factory
Miami, Fla	$0.680	$1.848
New York, N. Y	$0.544	.663
Boston, Mass	$0.544	.805
Baltimore, Md	$0.544	[1] .577
Los Angeles, Calif	$0.816 or $0.907 [2]	1.386
San Francisco, Calif	$0.816 or $0.907	1.386
Seattle, Wash	$0.816 or $0.907	1.386

[1] Truck.
[2] Lower rate for cases not exceeding 1,102 pounds.

These freight differentials are very important. In the case of the west-coast ports, for example, the 57-cent saving per hundred pounds represents approximately 7½ percent of the laid-down cost of domestically produced double-strength window glass.

The coastal areas served by these and other United States ocean ports represent almost 40 percent of the market for window and plate glass.

The average duty on window glass as a percentage of the average domestic manufacturers' selling price in 1931 was 66 percent. By 1951, the duty was 18 percent. In plate glass, where the 1931 duty was 51 percent of the domestic selling price, it is now 14 percent.

The foregoing factors have resulted in foreign window glass and plate glass being laid down now in American coastal cities of more than 20 percent under domestic window-glass prices and 10 percent under domestic plate-glass prices. Only the narrow margin of rail freight prevents the same situation from occurring throughout the United States.

It may be that some American flat-glass manufacturers will be unable to withstand such added competitive pressure. And it is certain that the wage scales of American flat-glass workers—and many of the jobs themselves—stand in jeopardy.

Let any further concessions in United States tariffs be made contingent upon a foreign producer's voluntary observance of our minimum wage law as set forth in the Fair Labor Standards Act.

Respectfully submitted.

BURL W. PHARES,
International President, United Glass and Ceramic Workers of North America, CIO, Columbus, Ohio.

MARCH 5, 1955.

STATEMENT OF BROTHERHOOD OF RAILWAY CLERKS

On May 9, 1945, the grand president of our organization, Mr. George M. Harrison, appeared before the House Committee on Ways and Means and expressed his views in support of the extension of the Reciprocal Trade Agreements Act

proposed at that time. Each time the extension of this act has been proposed we have made it unequivocally clear that we favored its extension. The position of our organization has not changed in the intervening years, except perhaps to deepen our conviction of the wisdom of this policy of our National Government and we favor a further extension of the act at this time.

During most of the years since Congress first enacted the Reciprocal Trade Agreements Act of 1934, the world has been in a state of armed conflict or a cold war and the free flow of world trade has been disrupted. Even so, the experience gained under the policy laid down in that law has proved both the policy and the procedures hold great prospects for economic good to the people of our Nation and other nations of the world.

When speaking before the House committee in 1948, at the hearings on House Joint Resolution 335, the proposal of that year to extend the Reciprocal Trade Agreements Act, Mr. George M. Harrison, grand president of the Brotherhood of Railway Clerks, said:

"The Reciprocal Trade Agreements Act is an extension of democracy as it provides for the consultation of all interested parties in the agreements finally reached. Action is not taken unilaterally by one nation which might adversely affect the interests of the people of other nations. It is a process whereby the parties of interest have a voice in the decisions reached. While we are here primarily concerned with the bases of exporting and importing goods between the United States and other nations of the world, it would be well not to overlook the great effort we have made to export democracy to the people of the world. We have expended great sums and great effort in this endeavor. History may reveal that one of the things of greatest long-time value that we export to other nations under this act is the democratic process."

Unilateral action by nations in regard to world trade inevitably overemphasizes the interest of the nation taking the action. It is inevitable, because the other interested parties—the other nations—are not present to volunteer the information with regard to the effect of the action upon their own production and sales. In unilateral action, therefore, the interdependence of the several nations upon the world market tends to be obscured. Bilateral or multilateral agreements between nations make it possible to give consideration to all these factors before the terms are determined, thus adjusting the greatest benefit to all in a way that will minimize the adverse effect upon any one. Such agreements make possible trade in the goods of each nation, and, since world trade presupposes payment, provides the means with which the obligation can be met. These agreements negotiated in the cool light of reason by experts in possession of all the available facts can take into consideration all the factors which will encourage trade in those goods in which each nation has some special advantage.

With the tapering off of our aid to the European nations, it is essential that we retain a flexibility in our procedures for setting the level of our tariffs. With the tenuous balance that exists in the European economies today, we must be prepared to move rapidly if the balance begins to move in the wrong direction. We should no more tie our hands on trade to a rigid policy than should we freeze our military strategy. We must continue to seek ways to stimulate the free flow of world trade. To remain free, the free nations of the world must import. On the other hand, they must export to pay for their imports. Their needs will change; neither will what they have to sell in the world market remain constant. Since we are the largest importing and exporting nation in the world, it is to our own self-interest, as well as good world politics, to provide ourselves with a large measure of maneuverability. If the Reciprocal Trade Agreements Act is extended, the necessary flexibility in our policy toward world trade will be assured.

Through reciprocal agreements the growth of industry can be encouraged in neighboring or friendly nations. Agreements can be reached which will stimulate their trade with all other free nations and which will, in turn, give them the resources to further develop their industries. At the same time, the agreements can assure the access of our nation to the raw materials essential to our industrial production and our national defense—an accomplishment of no mean proportions.

Nations between which there is a free flow of goods mutually advantageous to each, are friendly nations. Through the democratic process of reaching agreements with regard to trade, the interest of each nation can be guarded, to the encouragement of world peace. Such agreements, also will create the basis for the development of sound economic prosperity. Both American industry and

American labor have profited in the process. Additional markets have been provided for some branches of industry and cheaper raw materials for others.

There is a tendency among some Americans to consider our foreign trade as relatively unimportant. The facts point to the opposite conclusion. Our prosperity is greatly affected by our foreign trade. Our Nation is now the world's principal foreign trading country. The reduction in the sales of some companies by the amount of their foreign trade would mean the difference between a profit and loss.

Exports take a quarter or even a half of the total United States production of some commodities. In the year preceding the outbreak of the Second World War, the exports of our Nation furnished a market for 12 percent of our lard, 12 percent of our radios, 11 percent of our automobiles, 14 percent of our industrial machinery, 22 percent of our office appliances, 29 percent of our tobacco, 29 percent of our sardines, 31 percent of our cotton, 36 percent of our dried fruit, 36 percent of our sulfur, 38 percent of our rosin, and 52 percent of our production of phosphate rock. Some of these commodities are produced only in certain relatively small areas. In such cases, if exports were to decline there would be a concentrated effect upon the areas where they are produced.

Since the close of the Second World War, the goods we exported exceeded the value we imported by several billion dollars each year. We cannot continue to export, of course, unless we are willing to receive goods in exchange for the products we sell abroad. The acceptance is a necessity with regard to some commodities. Actually there is no such thing as a self-sufficient country anywhere in the world. Without imports our economy would come to a standstill. In the field of minerals alone, we are absolutely dependent upon heavy imports to keep our industrial plants operating. We are net importers of such basic items as crude petroleum and iron ore. In addition, our economy is dependent upon foreign sources for vegetable oil, hemp, jute, rubber, industrial diamonds, coffee, sugar, and many other commodities essential to our prosperity.

Our Nation can have a greater assurance of access to the source of supply of these raw materials if the Reciprocal Trade Agreements Act is extended. I should like to quote again from the testimony of Mr. Harrison on this subject in 1948. He said: "In addition to opening up the American market for the importation of essential raw materials, we must recognize that the high tariff protection of high cost inefficient domestic industries, when other countries are better prepared to produce those goods, is done at the expense of the American standard of living. High real wages are a result of efficiency and low unit costs—not the result of protective tariffs."

The other nations of the world must sell their products to us if they are to acquire the dollar balance with which to continue their purchase of the products of our industries, such as those made from iron and steel in which we have a competitive advantage. By concentrating our production on those commodities which our country is best equipped to produce, and by importing from other countries the goods which they can best produce, we shall increase the total quantity of goods manufactured by the world labor force. Through this process, the standards of living at home and abroad will be raised for all people. A large number of our citizens earn their livelihood in occupations directly attributable to foreign trade. In the transportation industry, the industry in which the members of the Brotherhood of Railway Clerks are employed, approximately 10 pecent of the employment is so attibutable.

Our agricultural production has been greatly expanded, both during the war and since. Much of this production has been shipped abroad. We are now faced with the necessity of finding a domestic market for a larger portion of our agricultural production. To do that, our industrial production must be kept at a high level to provide full employment at good incomes for all the nonfarm population. The products of our farms cannot otherwise be consumed. If we fail in that objective, agricultural prosperity will be undermined, and soon after, the prosperity of the whole Nation. It seems clear that agricultural prosperity in the near future will be even more dependent upon the domestic demand, which will be determined by the level of industrial productivity and employment, which in turn is dependent upon world trade for its source of many essential raw materials. These materials may be had, but the supply can be assured only through a flexible arrangement that will permit of negotiations directly with the nations within whose boundaries the materials are to be found.

I would like to conclude with another quotation from Mr. Harrison's statement of 1948 before the House Committee on Ways and Means: "A prosperous America is the concern of all citizens," he said, "That is an America at work

with all economic groups participating in the product of the joint effort. To achieve the conditions conducive to that prosperity requires the extension of the democratic process to the business relations of the people of the several nations of the world. It requires that our efforts be devoted to the expansion of world trade. It requires the rehabilitation of the economic systems of the nations of Western Europe. It requires a sound economic policy supplementing our foreign policy generally throughout the world And it requires the creation of a firm basis for lasting peace and the development of economic prosperity in all free nations. The extension of the Reciprocal Trade Agreements Act will make a contribution in each of these fields and thus aid in the building of a firm foundation upon which the prosperity of our own Nation may rest."

On behalf of the Brotherhood of Railway Clerks, we urge your committee to report favorably the proposed extension of the Reciprocal Trade Agreements Act.

AMERICAN FLINT GLASS WORKERS' UNION
OF NORTH AMERICA,
Toledo 4, Ohio, March 7, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR MR. CHAIRMAN: We have been advised that your committee is anxious to complete its hearings on H. R. 1 without prolonged hearings. We are told that the record of the hearings before the House Committee on Ways and Means will be made available to you in summary form.

Under these circumstances and in order to comply with your preference in the matter, we will confine our statement to this letter in lieu of a personal appearance. This action should in no sense, however, be construed as an indication of any loss of interest. We are no less concerned now than a month ago about the import problem, and our stand against the enactment of H. R. 1 has not changed. We wish to state our view in brief and ask that this letter be made a part of the record.

This union, an affiliate of the American Federation of Labor, speaks for the union workmen who manufacture glass and glass products and who are in a serious situation today because of the import of competing foreign products.

1. We object, most strenously, to the broad and increased delegation of powers that H. R. 1 would give the President.

2. H. R. 1, in its present form, would bestow carte blanche power on the Executive to enter into trade agreements with provisions relating to quotas, customs, formalities, and other matters relating to trade. The President, under this authority, could, for example, prevent the granting of relief to a stricken domestic industry, such as ours, by agreeing in a trade agreement that quotas would not be established.

3. The provision that the President may make agreements on "other matters relating to trade" is a grant of authority that has no visible restriction in the breadth of its power over our tariffs and foreign commerce. We believe that the power to regulate our tariffs and foreign commerce should remain in Congress, where it belongs, under article 1, section 8, of the Constitution of the United States.

4. We object to the present administration of the escape clause under Executive veto power; which has destroyed all confidence in it. The administration of the escape clause should be strengthened in such a manner that the recommendations of the United States Tariff Commission be given greater weight. In our view the Tariff Commission should make its recommendations to Congress rather than to the President.

5. We object to H. R. 1, in its present form, because it prelegalizes the General Agreement on Tariffs and Trade, better known at GATT. It would retroactively approve the adherence by the Department of State to that international organization which sits in judgment on acts of Congress and Presidential proclamations. This places the authority for regulating American industry in the hands of foreign nations.

6. One provision of H. R. 1 (sec. 3 (E)) is apparently designed to assure maximum tariff reductions under the Japanese trade agreement under the framework of GATT, negotiations of which began on February 20, 1955, at Geneva. We strongly object to the glass items classified under paragraphs 218 (c), 218 (f), 225, 226, and 229 of the Tariff Act of 1930, being included in the list of items to be negotiated with Japan on a multilateral basis under GATT.

We sincerely trust that the Finance Committee will give due and deserving consideration to the interests and welfare of American labor in deliberating the effects that further tariff reductions would have on certain domestic industries that are already in a serious condition.

Sincerely,

HARRY H. COOK, *International President.*

INTERNATIONAL APPLE ASSOCIATION, INC.,
Washington 6, D. C., March 8, 1955.

Subject: H. R. 1.
Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: The Senate Finance Committee of which you are chairman is presently holding hearings on H. R. 1, generally known as the Trade Agreements Extension Act of 1955. The International Apple Association has a long-standing policy favoring reciprocal trade. In fact, our general policy is one of favoring complete free trade. I am certain that you have heard my predecessor, Mr. Samuel Fraser, many times give a dissertation on just that subject.

Our organization still favors reciprocal trade, but since the war reciprocity has been a one-way street as far as fresh fruit in concerned. Since the war exports of fresh fruit, especially apples and pears, have been disappointingly small and much below prewar levels. This substantial reduction is due to arbitrary barriers and unreasonable restrictions imposed by countries overseas which discriminate against United States fruit producers and fruit exporters.

All the fruit industry asks is the opportunity to develop a market on the same basis as any other country. Under the Reciprocal Trade Agreement Act, this is supposedly possible and reasonable. However, in actuality, this has not been the case.

The overseas countries in the years immediately following the war had a justifiable excuse in shortage of dollars. However, for the most part, that excuse is no longer valid. If the letter and spirit of the law in the Reciprocal Trade Agreement Act and in GATT had been followed, the fruit industry in recent years would have been able to compete in the overseas markets on the same basis as other European fruit exporting countries.

Mr. Ernest Falk, manager of the Northwest Horticultural Council in Yakima, Wash., appeared before the House Ways and Means Committee on H. R. 1 and presented testimony and data concerning the reduction in exports and several specific examples of arbitrary barriers imposed by the overseas countries. I earnestly hope that your committee will avail itself of this testimony.

One example on how we have been hampered in our attempt to redevelop our former export markets is clearly shown in the present French situation. The French crop of dessert apples was relatively small. Through unilateral agreements previously established, France has imports of fresh fruits from several countries, such as Italy, Switzerland, and others. These are what the trade in France commonly call normal quotas. The United States is not included in that normal quota. Dessert fruit crops from those countries furnishing the normal quota was also small this year.

Hence, the French Government at the insistence of the trade studied the situation and arrived at the conclusion that more fruit would be needed before the season was over. With this in mind the French Government approved an additional quota of 15,000 tons of apples and/or pears. This quota was open to the United States and Canada as well as from the other countries who were, and have been, exporting fruit to France under the normal quota arrangements.

A rather high premium was to be paid the French Government by the trade for the privilege of importing fruit under the additional quota. This premium practically precluded the export of North American apples and pears to France. Nevertheless, there were still some French importers who were willing to take a chance and import United States apples and/or pears.

According to the original statement issued by the French Government, the imports were to commence March 1, 1955. However, by March 1 licenses were still not issued for the simple reason that certain Government officials had hopes of selling all of the license to a few privileged importers at a higher premium than originally stated. This internal struggle only added to the confusion and

delay. As a result it is my personal opinion that very few, if any, apples or pears will be exported from the United States to France from this season's crop. While all of this was going on, our fruit producers were kept in a constant state of confusion and uncertainty. They didn't know whether they would be able to ship or not ship. They had to secure shipping space and when the licenses did not materialize, the shipping space had to be released and new space reserved. Fruit suitable for the French market was set aside and then when the picture became more confused and more confused, it was necessary in many instances to find a suitable market for that fruit in this country.

This is just one example of how countries overseas have not been living up to the spirit of reciprocal trade, nor the spirit of GATT.

Please let me reiterate that the International Apple Association favors reciprocal trade in every facet. However, if the letter of the law and the spirit of the law is not followed by all parties concerned, then the advantages that are to be gained under reciprocity are lost and we might as well go back to a unilateral system.

I am sending copies of this letter to the members of your Finance Committee so they may have our thoughts on the matter.

Please feel free to call on us at any time if we can be of assistance.

Respectfully yours,

FRED W. BURROWS.

WASHINGTON 6, D. C., *March 9, 1955.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: I appeared on behalf of the Japanese Chamber of Commerce of New York, Inc., before the House Ways and Means Committee on that committee's hearings on H. R. 1.

The Japanese Chamber of Commerce of New York is a New York incorporated association with offices at 111 Broadway, New York City. The members of the chamber include American and Japanese importers and exporters; American and Japanese manufacturers; American banks and American agencies of Japanese banks; and others engaged in trade and commerce between the United States and Japan.

To avoid taking your committee's time in repeating my testimony to the House committee, I direct your attention to pages 709 to 734 of the published record of the House Ways and Means Committee's hearings; and for your convenience I enclose herein a copy of my same statement (without annexes) made to the Committee for Reciprocity Information.

From that statement, you will have a graphic demonstration of the importance of H. R. 1 to Japan and comparably to all nations participating in GATT and also to the foreign and domestic trade of the United States.

I am sending you the enclosed statement for your information and for your hearing records if you should desire to incorporate it therein.

This statement documents President Eisenhower's recent declaration for Japan to earn a living adequate to keep her in the family of free nations and not contribute to forcing her behind the Iron Curtain, Japan must have an equal place in the commercial community of free nations and every opportunity to trade in the markets of the world without competitive handicaps and insurmountable tariffs.

Consequently, Japan and Americans doing business with Japan strongly urge the continuance of the Reciprocal Trade Agreements Act, as provided in H. R. 1, and its implementation by GATT.

Respectfully submitted.

RAOUL E. DESVERNINE,
RAOUL E. DESVERNINE
(On behalf of the Japanese Chamber of Commerce of New York, Inc.)

STATEMENT OF RAOUL E. DESVERNINE ON BEHALF OF JAPANESE CHAMBER OF COMMERCE OF NEW YORK, INC., TO THE COMMITTEE FOR RECIPROCITY INFORMATION

Mr. Chairman and members of the Committee for Reciprocity Information, my name is Raoul E. Desvernine. My address is 839, 17th Street NW., Washington, D. C.

I appear in representation and on behalf of the Japanese Chamber of Commerce of New York, a New York incorporated association with offices at 111 Broadway, New York City. The members of the chamber include American and Japanese importers and exporters; American and Japanese manufacturers; American banks and American agencies of Japanese banks and others engaged in trade and commerce between the United States and Japan, all of whom are individually and collectively concerned with your deliberations and especially with the ultimate outcome of your later Geneva negotiations.

I know that your committee is fully cognizant that the President of the United States has publicly dedicated his administration to the policy and purpose of facilitating the expansion of Japan's trading opportunities not only with the United States but also with those other countries participating in the general agreement by cooperating with them looking to giving Japan an equal place in the commercial community of free nations. Therefore, it would be a waste of your committee's time for me to do more than make this reference to that policy.

Also, your committee is so comprehensively informed as to the detailed facts of Japan's economy and foreign trade that it would be purely repetitive for me to review the details thereof with you. Your records are complete. However, I would like to file with you as part of this statement a copy of the memorandum of the Japanese Embassy in Washington submitted by it to the Honorable Clarence B. Randall, Chairman, Commission on Foreign Economic Policy, which will give you for your reference and background Japan's point of view, with full supporting statistical data.

Consequently, I would like to focus your attention on a few specific observations with special reference to the products listed by you which the United States may consider offering concessions. For convenience of reference, I will refer to your listed items in categories instead of by your scheduled designation, which categories are easily identifiable on your list.

In the course of these hearings, you will hear from many individuals on items which specially affect their separate and individual interests and businesses. I leave it to them to address themselves to such items.

I would like to emphasize that such product by product considerations must be viewed from the point of view of the relative importance of each item and business in their impact on Japan's total foreign trade. Obviously, it is this ultimate collective and aggregate effect which should primarily concern us in our efforts to advance our objective of expanding Japan's world trade. Each item on your proposed list must therefore be weighed within that framework of reference. It is to this that I will particularly address myself.

For Japan to have a viable and self-sustaining economy—in fact, for her to realize a margin of profit sufficient to maintain her industrial establishment; provide her people with a decent standard of living and, as President Eisenhower so wisely observed, for Japan to "earn a living" adequate to keep her in the family of free nations—depends to a major extent upon her foreign trade.

The extent to which Japan depends upon foreign commerce and the extent to which her recovery to prewar levels of trade have not been recaptured may be seen from the following comparisons:

Ratios of export and import to national income

Country	Prewar (1938)		Postwar (1951)	
	Export ratio	Import ratio	Export ratio	Import ratio
	Percent	*Percent*	*Percent*	*Percent*
Japan	24	25	11	16
United Kingdom	11	20	24	34
France	9	13	16	18
Italy	8	9	11	14
United States	5	3	5	4

In 1953 the export ratio to the United Kingdom was only 8 percent and the import ratio 15 percent. Other figures not available.

Japan's principal exports by commodity groups during 1953 were as follows with percentage of total exports indicated:

Exports by commodity groups as percent of total export, 1953

	Percent
Total	100
Foodstuffs and beverages	10
Textile and its products	36
Metal and metal products	15
Machinery	15
Ceramics (cement and pottery)	4
Chemical products	5
Miscellaneous	15

NOTE.—For further itemization in dollar value see annex 2.

Japan's principal imports by commodity groups during 1953 and percentage of imports indicated:

Imports by commodity groups as percent of total import, 1953

	Percent
Total	100
Foods	22
Raw materials	40
Cotton	16
Wool	9
Iron ore	3
Phosphate rock	1
Others	11
Mineral fuels	12
Coal	4
Petroleum	8
Manufacture goods	1
Machinery	3
Others	30

Consequently, in considering the items requiring concessions, we must have due regard for the relative importance of each item on your submitted list to the quantum of the category in which said items are included as showing the impact of each upon Japan's total foreign trade. In your consideration of each listed item, you should and undoubtedly will, weigh the same with that perspective.

We must, however, also take into consideration the fact that items now of seeming relative unimportance in amounts can be expanded competitively into major factors in Japan's export trade with the assistance of lower tariffs. Small in infant businesses can be expanded and even new industries created with the aid of lower tariffs. Japan's export potentials, in quantity of exports, item by item, are not static and can and will grow if greater export opportunities and competitive equalization in world markets are afforded by tariff concessions.

We must also bear in mind that it is not only more favorable tariff treatment in the markets of the United States which is required, but also that Japanese exportable products to other countries which are parties to GATT should be similarly facilitated. Concessions by the United States would broaden the overall results of multilateral negotiations. The United States by initiating the present negotiations is opening the door to Japan to membership in GATT, and United States concessions to Japan would be an inducement to other countries to do likewise. What the United States does in the first instance will set the course. Consequently, the importance of these hearings to Japan cannot be overemphasized.

The following tables show Japanese exports and imports by areas as percent of total exports and imports:

Exports by area as percent of total export

Area	1934-36	1950	1951	1952	1953
China	18	2	----------	----------	0.4
Korea and Formosa	[1] 24	7	5	8	13.2
Southeast Asia [2]	19	34	41	36	30.2
Total Asia	61	43	46	44	43.8
United States	16	22	14	18	17.8
Canada	1	4	2	3	1.2
Total North America	17	26	16	21	19.0
Other areas	22	31	38	35	37.2

[1] This was not truly export trade in the prewar period. These areas were Japanese colonies and the extensive exchange of products was internal trade within the Japanese Empire conducted in yen currency (rather than foreign exchange) and not subject to customs duties, etc. The figure is here inserted to permit comparison but should not be considered as an attainable level for future trade with now sovereign nations.
[2] Countries included: Pakistan, India, Ceylon, Burma, Malaya, Singapore, Thailand, Indochina, Hong Kong, Indonesia, and the Philippines.

Imports by source as percent of total import

Source	1934-36	1950	1951	1952	1953
China	12	4	1	1	1.2
Korea and Formosa	24	6	3	4	2.9
Southeast Asia	16	20	20	20	22.4
Total Asia	52	30	24	25	26.5
United States	24	45	34	38	31.4
Other North America	1	4	12	12	5.3
Total North America	25	49	46	50	36.7
Other areas	23	21	30	25	36.8

The neighboring countries of Asia which provided 36 percent of Japan's imports before the war, are now providing only 5 percent. The rice formerly supplied by Formosa and Korea has been replaced by rice from southeast Asia and the United States and by Canadian and United States wheat and barley. Soybeans are now purchased from the United States rather than Manchuria. Although sugar is still imported from Formosa, the quantity is much less and must be supplemented by large shipments from Cuba. Iron ore and coal formerly received from China and Manchuria is now being supplied by India, Malaya, the Philippines and the United States. Salt from the Red Sea area and India has replaced salt from China. The disappearance of China behind the Iron Curtain and the unsettled economic condition of Formosa and Korea have thus deprived Japan, not only of an important market, but also of an assured supply of inexpensive foods and raw materials. Many of these materials must now be purchased from North America, and especially the United States, with a resultant increased cost, because of the long ocean haul.

While southeast Asia supplies Japan with many essential commodities (such as cotton, rice, iron ore, coal, jute, bauxite, etc.), it is noteworthy that this area's proportion of Japan's total import trade has increased only slightly since the war. Although the countries of the area need Japanese products, their low levels of productivity do not permit any rapid increase in their exports to Japan. It is to be hoped that their gradual development and attainment of stability will bring about higher levels of trade in the future both for their own benefits and Japan's. The fact that trade with many of these countries is bound within the straitjacket of individual bilateral trade agreements is another inhibition upon trade expansion.

One-half of Japan's imports originate in North America, and especially in the United States. The commodities involved are irreplaceable essentials—wheat, barley, soybeans, rice, iron ore, coal, cotton, phosphate rock, etc. Since

North America, which is purely a dollar area, provides a market for only one-fifth of Japan's exports, the resulting trade imbalance is a serious matter in a world of nonconvertible currencies.

From the above, you can see the importance of facilitating Japan's total overseas trade, especially with southeastern Asia. Consequently, in evaluating the significance of the more important itemized products on your list, in relation to the overall exports and imports of Japan, reference to the above figures will give you guidance relative to the importance of each, by categories, with respect to their area distribution.

To be more specific by breaking down the classification by categories, I give you a table showing Japan's exports to the world and the United States, by principal commodities, for the year 1953, specifying those items contained on your list and those not contained on your list.

Japan's exports to the world and the United States, by principal commodities

Commodity	1953 (January–December)		In thousands of dollars		
	All areas (A)	To United States (B)	(B) as percent of (A)	(B) as percent of (C)	Remarks
Fish (fresh or simply preserved)	27,030	16,977	62.8	7.5	X (M or NS).
Fish (canned)	32,550	19,550	60.1	8.6	X (M or NS) O (tuna).
Fish and whale oil	8,070	3,831	47.4	1.7	X (M).
Plywood	9,540	7,108	73.6	3.1	X (NS or M).
Raw silk	42,828	9,953	23.2	4.4	O.
Cotton fabrics	179,174	5,783	3.2	2.5	O Z.
Silk fabrics	8,696	3,614	41.6	1.6	X (M).
Ceramic ware	28,320	12,678	44.8	5.6	O.
Steel pipe	19,490	11,106	57.0	4.9	X (M).
Household sewing machines (separate head)	11,286	6,328	56.1	2.8	O.
Binoculars	4,464	3,667	82.1	1.6	X (M).
Toys	23,524	14,078	59.8	6.2	X (M) O.
Subtotal	394,981	114,583	29.0	50.5	
Others	879,862	112,257	12.8	49.5	
Total	1,274,843	(C) 226,840	17.8	100.0	

NOTES

X indicates that the most items are not listed.
O indicates that the most items are listed.
Z indicates that the items are listed but only the portion of duties are subject to negotiation.
M indicates that present tariff is at the lowest maximum.
NS indicates that Japan is not a chief supplier on most items.

From the above, you will be able to judge the most important items on your list which should and undoubtedly will receive your special attention as having quantitatively dollarwise the greatest impact on Japan's foreign trade.

In 1953 the total dollar value of exports by Japan was $1,156 million and the total imports $2,111 million, leaving a deficit in balance of payments of $945 million.

In the first 6 months of 1954 exports increased by 19 percent over the same 6 months' period of 1953. This, however, did not offset the balance-of-payments deficit as during the same period imports increased to the extent of a January–June 1954 trade deficit 25 percent greater than 1953. Exports to the total dollar area declined 11 percent while imports advanced 40 percent. Exports to the United States were down 32 percent while imports jumped 50 percent. In trade with open-account countries, exports increased 51 percent and imports by 40 percent. Shipment to the sterling area increased by 32 percent; imports declined almost 24 percent. Although this is significant progress, it is, nevertheless, insufficient.

Japan is making every effort to keep her imports within sound limits—efforts such as tight money and an austerity policy. It is clear, however, that the crux of the problem lies in expanding exports. Imports, however, can only be reduced by controls or otherwise to a limited extent only. There is an irreducible minimum below which imports cannot be curtailed without dangerously affecting the viability of Japan's whole economy and the standard of living of the Japanese people. This is particularly true in respect of raw materials required by Japan and in respect of foodstuffs in short supply. The remedy, consequently, lies

basically in expanding her exports, especially in the light of Japan's peculiar economic problems, most of which are not for her making but which are solely the consequences of the destruction and economic and trade dislocations caused by war and by current political and economic policies which are being imposed upon Japan by the United States.

The importance of tariff concessions to Japan by the United States and by other participating nations under GATT cannot be overly stated. Consequently, these hearings and the results to be achieved at the Geneva meeting are of vital concern.

To continue to be one of the principal customers of the United States, Japan, obviously, must have compensatory exports to give her the required purchasing power. To add to her already detrimental imbalance in payments would further impair her purchasing power. For instance, Japan is the largest purchaser of American cotton. To buy cotton, she must sell cotton goods.

I am filing separately as supplement 2 hereto, a table itemizing the products purchased by Japan from the United States in dollar-value and showing Japan's rank in each item amongst the world purchasers of such items. I annex hereto annex 3 as a summary of supplement 2. This illustrates how important it is for America to keep Japan financially able to make these United States purchases to the benefit of American industry and employment within the United States. Fabricators, exporters, importers, distributors, retailers, etc., in the United States all derive direct and indirect profit from their trade in these Japanese products. Consequently, there is direct impairment of our domestic business by the curtailment of these imports. This is too often overlooked.

Those opposing further tariff concessions to Japan urge that our domestic industry must be protected against cheap Japanese labor; but neither low wages nor low unit labor costs, in and of themselves, constitute such unfair competition as to warrant protection. It is submitted that the American manufacturer can only justly claim for himself fair competition and that he must meet all fair competition in the general national interest. He is not entitled to special protection by tariffs or otherwise for his individual industry and business exclusively; and at the expense of the general national and international interests of the United States as a whole in all fields of commercial activity.

In the first place, Japanese wages must be measured against the comparable low cost of living in Japan. Judged from that point of view, the insinuation that Japan is exploiting labor for foreign trade advantages is not true. Furthermore, the net income per worker means labor productivity in terms of value. The productivity and ratio of wages to net income of all corporate manufacturing enterprises (companies which closed books in the first 6 months of 1953) was:

	Percent
Percentage of income	25.2
Ratio of labor cost to net income	56.6

It is evident that a higher amount of wages is paid in industries of lower productivity out of normal proportion to net income and wages as a rule. Bear in mind this same argument can be made against the importation of products from many other countries having low labor costs comparable with American high labor costs.

If we manipulate our tariff rates purely to offset labor differentials with the rest of the world, we certainly will not be promoting the freer interchange of goods between the nations of the world which seems to be the avoided policy of the Eisenhower administration and especially of the Randall report. We also would not be furthering the laudable purposes of the Reciprocal Trade Agreements Act and GATT.

Labor is only one item of production cost. Competition in foreign markets is based upon product cost and delivered prices. The lack of the most modern, low-cost production facilities which Japan has thus far been unable to obtain, along with Japan's present inexperience with the latest production techniques, result in comparably high production costs. These absorb to a considerable extent Japan's low labor costs with the result that her total unit production costs on which she must competitively sell are much higher than is so often represented. Also the high—in some instances the competitively prohibitive high-cost of raw materials further absorbs some of the law labor cost. Add to this the high cost of freight tnd, in most cases, the unit production cost and delivered price, produce no threat to American producers.

Also, in many instances Japan has been unable to meet competitively the high standards of quality and specifications due to her lack of the most modern type of production facilities and knowledge of the latest techniques.

All of these are competitive factors which cannot be disregarded, and must be considered in making comparisons.

American producers also have the protection of the Tariff Commission in the peril point and the escape clause.

Prewar experiences and comparisons cannot be basically relied upon. Japan has suffered greatly in loss and obsolescence of productive facilities and manufacturing techniques, in sources of raw materials, in loss of shipping facilities, etc., all of which have greatly increased Japan's production and delivered costs and from these handicaps Japan has not been able as yet to recover.

Also, the necessity of furthering the recovery and greatly expanding the scale of Japan's economy can be seen from the fact that Japan's population has increased by more than 20 percent since the end of the war.

Any expansion in production in the future must be accompanied by an expansion in foreign trade. Japan must keep her international balance on a sound basis as she increases production.

As is commonly recognized, the recovery of Japan's foreign trade in the postwar years has been very slow. The trade volume index compiled with 1937 as 100 shows that by 1952 all other countries surpassed their prewar records.

In the case of Japan, imports have barely reached 54 percent, and exports are far behind at 31 percent.

The ratio of the import-export value to the national income in the prewar years of 1934–36 was very high. Both imports and exports were 17.4 percent of the national income, making a total of 34.8 percent. But in 1952, exports (including special procurements) were only 8.1 percent and imports 15.5 percent, making a total of only 22.5 percent.

Despite her limited territory, paucity of resources, and excessive population, Japan was able to feed herself before the war because her economy was tied to the world market to the extent of 35 percent of the national income. If Japan is not linked to the world market, her national economy could not be expected to develop. Consequently, the problem which Japan is now tackling is how to expand trade and thereby build up production. Tariffs are an essential factor to succeed in this—in fact, to survive.

I trust this statement gives you an appraisal of the items on your list with the relative significance of each in the overall foreign trade of Japan and how vital it is that Japan obtain tariff relief as the only present practical means of at least contributing to the essential increase of Japanese world trade.

The primary and, for the time being, the only hope for such relief is for Japan to become a full member of GATT.

I am confident that the statistical tables to which I have referred in this statement graphically support my conclusions and give the framework of reference in evaluating the importance of each item on your list.

In submitting your list of items as those proposed by you for consideration for tariff concessions by the United States certainly suggests that your committee selected these items, individually and collectively, as in your opinion being worthy of consideration, and the fact that you invited these public hearings thereon indicates that you at least in the first instance favorably considered their recommendation. Therefore, it would seem to me that the burden of justifying any exclusions, if any, would be upon those opposing and that they must prove any exclusions not only as against their special interests but also as against the general national interest in the promotion of our national foreign trade policy as an integrated whole. We, of course, support your list.

THE HOUGH SHADE CORP.,
Jancsville, Wis., March 7, 1955.

Hon. HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: In connection with the Senate Finance Committee's consideration of H. R. 1, we would like to acquaint you with the possible effect of this proposal on our own small manufacturing business and the other small companies who make up, with us, the woven wood fabric industry in the United States.

In a personal appearance before the House Ways and Means Committee, I made a statement on behalf of our industry. A copy of this statement is enclosed.

It is our belief that the hardships thereatened by H. R. 1 would be largely relieved if the bill was amended to make the decisions of the Tariff Commission on peril-point and escape-clause matters conclusive, with the possible exception of materials required for national defense.

Under the present law, our State Department is controlling the determination of tariff matters. The State Department is, we feel, unqualified to judge the economic effect of tariff reductions and is solely interested in securing trade agreements without considering their effect on American industry. Determinations on tariffs should be made on factual findings by specialists in the tariff field. The criteria used by the Tariff Commission are properly to be defined by Congress. If the decision could be made conclusively by the Tariff Commission, we small manufacturers would feel for more secure than when the decision is essentially in the hands of the State Department as it has been in the recent past.

We urge that means be found to amend H. R. 1 in order to make Tariff Commission decisions conclusive and final so that the peril-point and escape-clause provisions may actually provide a modest and reasonable amount of protection for American workingmen and American business. Your consideration will be deeply appreciated.

Cordially yours,

JOHN E. HOUGH, *President.*

STATEMENT OF JOHN HOUGH FOR WOVEN WOOD FABRIC INDUSTRY

I am John Hough, president of the Hough Shade Corp., of Janesville, Wis. I am appearing in opposition to H. R. 1 on behalf of my company; also on behalf of Columbia Miss, Inc., of Syracuse, N. Y.; Consolidated General Products, Inc., of Houston, Tex.: Williams Manufacutring Co., of Constantine, Mich.; and Warren Shade Co., Inc., of Minneapolis, Minn. These five companies represent approximately 95 percent of the domestic production of woven wood fabrics, shades, blinds, and drapes. I will refer to them as the woven wood fabric industry.

Woven wood fabric is made of thin strips of wood (principally northern baswood) approximately three-eights or seven-eighths inch wide and one-tenth inch or less in thickness, laid lengthwise and joined to each other by cotton cords or threads woven in an over-and-under fashion. The fabric is used to make porch and window shades, blinds, and screens, and may be more easily identified by you as wood slat blinds which are used on porches and windows.

The woven wood fabric industry is small business. The number of company employees range from a low 20 to a high of 200. The annual sales for the industry for 1954 were approximately $4,500,000. The capital investment is $3,100,000.

Woven wood fabric is made on machines designed solely to produce one product. The machines cannot be converted to produce other products. If the market for our product is lost, our very substantial investment in machinery and equipment would also be almost a complete loss.

Our industry is not a new one. Our own company was founded in 1900. Other industry members have been in business almost as long. We have had competition from imported bamboo and woven wood shades and blinds ever since we started in business. Prior to World War II, our industry maintained a reasonable share of the domestic market in face of this competition. We did so largely because the imported bamboo blinds were handmade and so crude in appearance that they were not acceptable to a large part of the American buying public. In addition, our industry developed innovations and features the unmechanized Japanese producers were unable to copy.

Since the resumption of imports from Japan, the position of our industry has become critical for the following reasons:

1. Machinery made in the United States has been sent to Japan for the production of bamboo and woven wood fabric in Japanese factories thus taking full advantage of the low Japanese wage scale.

2. The quality of the product has been improved. Machinery is now used to manufacture products which are exact copies of the American product. Innovations developed by our industry are copied and are in our markets shortly after being introduced by our companies.

3. Japanese now ship bamboo and woven wood fabric in large rolls, entering at lower tariff rates than finished blinds or shades. Blinds, shades, folding doors and screens are cut in the United States from the roll goods, combined with

American hardware and cord, and sold in the United States unlabeled as to foreign origin, at prices considerably less than our American-made products.

Imports of these items on the basis of value for duty have risen from approximately $1,367,185 in 1951 to an estimated $4,689,618 in 1954. The duty value figures tell only part of the story. Converting the dollars to square feet of fabric on the basis of 5 cents the square foot, which is the average selling price, duty paid of the imported products, we find that imports in square feet in 1951 were 27 million square feet, in 1953 over 74 million square feet and in 1954 an estimated 94 million square feet. During the 1954 year, our domestic industry has experienced a 12.4 percent decrease in square-foot sales of our domestic products, in the face of this nearly 27 percent increase in the square footage of imported products. In 1954 as compared with 1953, our domestic industry experienced a drop of almost 2,400,000 in square-foot volume, or about $550,000 in sales volume, with consequent reduction in operating profit of approximately $235,000. Profit on sales has dropped from 7.1 percent to 3.3 percent.

At the same time our hourly worker's wages have increased an average of 5 cents per hour since last year, to an average of $1.32 per hour for our industry. Direct labor costs for our industry are 25.1 percent of total product cost at present. United States Embassy, Foreign Service reports from Tokyo indicate Japanese production workers in the wood products industry are being paid about 11 cents per hour and have a monthly income of about $23 as compared with $219 average monthly income for our own production workers. Our labor costs alone appear to equal the entire cost of most of the Japanese products that compete with us.

On a square-footage basis, imported woven wood and bamboo products enjoyed 80 percent of the United States market against our 20 percent in 1953. This year the imported products will have about 85 percent of the market leaving us only 15 percent. Thus far our domestic industry has kept going through finding new fields and new usages for our basic product. However, today our competition from abroad, now completely mechanized, easily and quickly copies any new products we devise. As we look at the steadily rising flood of woven wood and bamboo imports, the 263 percent increase in dollar volume of imports from 1950 to 1954 seems ample evidence that present tariffs are not limiting the United States sales of imported woven wood and bamboo products.

Our industry has suffered a loss of production and a material reduction in dollar sales and profits as a result of the increase in imports of these products. The trend to imitation of our woven wood fabric and products by the Japanese manufacturer will result in increased export of this type of product and additional damage to our industry.

The present and threatened injury is due solely to the unfair competitive pricing of the foreign producers. The tariff is too low to equalize the cost advantage of the Japanese producer due to the cheap labor. If the present advantage held by the foreign producers is increased by a reduction in tariff, our industry's portion of the domestic market will be reduced to a point where our industry cannot continue. The Japanese and other foreign producers will then have a monopoly, with the consequent damage such conditions create.

On November 15, 1954, the Committee for Reciprocity Information and the Tariff Commission published the list of products on which negotiations with Japan and other countries were proposed. The Committee for Reciprocity Information required that briefs be filed by December 6, 1954. The Tariff Commission permitted briefs to be filed by December 27, 1954, on the peril-point question.

Bamboo and wood fabric, blinds, and shades were listed as products on which negotiation was proposed. The notice published November 15, 1954, was the first knowledge that our products might be the subject of a tariff reduction. Our industry had exactly 15 working days to prepare a brief in opposition to this proposal. Our investigations disclosed that no Government agency collected statistics on our industry or our products. Our product is not included in Government industry surveys. In addition, we found that the statistics on imports of these products was completely unsatisfactory, the products were in general categories making an analysis of the quantity of imports extremely difficult. The amount of the increase in imports was uncertain and the effect of the imports on the domestic industry was unknown. The only conclusion that could be drawn was that the department that prepared the list had no knowledge whatsoever of the amount of the imports and the possible effect on the United States market of a tariff reduction on the products on which it proposed to negotiate.

Our industry filed briefs and appeared at the hearings of both the Committee

for Reciprocity Information and the Tariff Commission. The recommendations of both of these groups are not revealed, therefore we will not know until the concessions are announced whether the tariff on our products has been reduced. During this interim we must plan our production, price our product and hope that our market is not further reduced by action of our own government. We question whether such methods are to the best interest of our economy.

We have read a great deal to the effect that industry need not be concerned about H. R. 1 because the peril-point and escape clauses would remain in effect. We believe that such statements imply that these clauses are a protection to American industry. In our opinion that is misleading as neither clause presently provides protection to injured American manufacturers, such as our industry.

Under the law the President before negotiating must permit interested parties to be heard. The Committee for Reciprocity Information is the President's vehicle to meet this requirement. The membership of the Committee for Reciprocity Information consists of employees of the State, Defense, Labor, Agriculture, Foreign Operations Administration, Commerce, and the Chairman of the Tariff Commission. Industry which is the group primarily concerned has as its representative the Department of Commerce. The Bureau of Foreign Commerce of the Department of Commerce ostensibly represents industry on the committee. The function of the Bureau of Foreign Commerce is to increase foreign trade. It does not concern itself with the problems of domestic industry, except as they may relate to foreign trade. The Business and Defense Services Administration of Commerce which concerns itself with the problems of American industry merely advises the Bureau of Foreign Commerce and does not determine policy. The Assistant Secretary of Commerce in charge of the Bureau of Foreign Commerce has long been a proponent of lower tariffs. We do not think we need pursue this further to make our point that American industry, the party most concerned, is not favorably situated on the matters to be considered by the Committee for Reciprocity Information.

We are advised that there is a second committee which reviews the recommendations of the Committee for Reciprocity Information and that of the Tariff Commission. This committee is called the Trade Agreements Committee and has the same departmental representation omitting the Foreign Operations Administration and the Tariff Commission. This committee which makes the final recommendations to the President is chairmaned by the State Department. The spokesman from Commerce is a representative of the Bureau of Commerce. Here again domestic industry's only champion is one whose primary interest is foreign trade.

In regard to the peril-point clause the Tariff Commission is authorized to report to the President. It may recommend against negotiations on a product but has no authority to enforce its decisions. It may find that damage will result from a reduction in a tariff but this finding can be ignored. In order for the peril-point clause to have a meaning Congress must provide that the Tariff Commission findings be conclusive. Until Congress enacts such a provision, it is misleading to say that American industry is protected by the peril-point clause.

The escape-clause provision is fatally defective for the reason that the executive branch can refuse to accept the findings of the Tariff Commission. The President has rejected the findings of the Tariff Commission in 10 cases and accepted the recommendations in 5 cases, of which 3 affected manufactured products. The escape-clause provision was intended by Congress to provide a means for American industry to obtain relief where it could establish damage. The burden of establishing damage is cast on the affected industry. It is a difficult and expensive procedure. On the basis of the record and public announcements that American industry must accept sacrifices so that the foreign producers can profit from our markets, American small business feels that the escape-clause provision as presently written provides little or no protection.

H. R. 1 would continue the peril-point and escape clauses without change. Our industry is of the opinion that these clauses must be strengthened in order to furnish to American industry fair and reasonable protection from the uneconomic and unfair competitive prices of materials produced under the low-wage scales in foreign countries.

We recommend that Congress vest authority in the Tariff Commission to make a final determination under the peril-point clause. We further recommend that the escape-clause provision be completely revised to provide that the decision of the Tariff Commission be final. In addition the criteria of damage or threat of injury should be broadened to provide for the establishment of damage on a

product basis, with relief required either by increase of tariffs or the establishment of quotas where the criteria for damage has been met.

We are also opposed to H. R. 1 on the grounds that it constitutes a transfer of congressional powers over tariffs to the executive branch. H. R. 1 is a blank authority to the Executive to enter into trade agreements with provisions relating to quotas, customs formalities and other matter relating to trade. The President under this authority can prevent Congress from granting relief to a stricken domestic industry by agreeing that quotas may not be fixed. The provision that the President may make agreements on "other matters relating to trade" is a grant only restricted by what may be interpreted by the executive branch to constitute trade.

Blanket authority to make agreements affecting trade is not required by the executive branch. If an agreement is for the best interests of this country then Congress will approve such an agreement. For the executive branch to ask for unlimited authority would appear to reflect a feeling that Congress, which is subject to the advice of the people, is not qualified to pass on trade agreements.

Blank authority to reduce all duties is not required. If there are products which do not require the protection of the present rate, the Executive should advise Congress of these Products. Any reduction in the present rate of duty on our products can only result in a further reduction of the small portion of the market we now have. If authority must be granted to reduce tariffs then the exercise of such authority must be controlled through the peril-point and escape clauses. Those clauses must be revised to provide effective protection for American industry.

As small American businesses we do not have foreign subsidiaries, nor do we have funds to create export companies to develop foreign markets for our products. Our operations are entirely within this country. We make our product here from domestic material with American workmen and for the American consumer. We have supplied our own capital by our own efforts, we have asked no subsidies. We object to suggestions that we are inefficient when asked to compete with 11-cent-per-hour labor. We would like to retain the right to bring to Congress problems that seriously affect our welfare and the welfare of our workers. We do not believe we will have this right, if Congress abdicates its powers over trade agreements.

We are not opposed to foreign trade but we do not believe that destruction of our businesses by cheap imports will serve the national interests. We would like the same concern that is registered for foreign businesses to be registered for the problems of American small businesses such as ours. We know that the State Department is concerned about the welfare of the Japanese, our recent enemies. If the same concern were felt for our own employees and the American small-business concerns, we would not be fearful.

We ask that Congress enact a law which will permit us to compete for the 15 percent of the domestic market we presently hold. Our industry does not possess the money to propagandize our problem, we cannot compete in this respect with the executive branch or the foreign countries which hope to take over our markets. Our workers are important to us, we have many long-time employees who know no other trade. They are not organized to fight for their jobs. They rely on Congress to protect their jobs. We believe it is more important to keep our 800 workers employed in making our product than making 800 jobs for Japanese to make our products.

We respectfully request that your committee consider the American small-business concerns and their workers before recommending a law which may do irreparable injury to them.

CONGOLEUM-NAIRN, INC.,
Cedarhurst, Md., March 8, 1955.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SIR: As a management representative of my company I should like to go on record as being opposed to bill H. R. 1, proposed revisions of the tariff act.

The bill, as I understand it, proposed an extended and enlarged authority to the President to cut tariffs and, while President Eisenhower has indicated that he favors selective reductions, the bill permits blanket reductions.

In an industry like ours, and others like us, the principal manufacturing costs are labor and raw materials. In both these areas foreign manufacturers have

the advantage—European labor is paid a fraction of our rates and since European raw materials can be purchased advantageously without import duties, the position of the domestic manufacturer becomes more critical.

It is our sincere hope that this bill will not be made into law in its present form.

Yours very truly,

A. E. SPRINKLE, *Plant Manager.*

SACO-LOWELL SHOPS,
Boston 10, Mass., March 7, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: Our company serves the textile industry by manufacturing machinery used in the preparation and spinning into yarn of cotton, worsted, synthetics, and blended fibers. We employ about 2,000 people in our Biddeford, Maine, plant and about 600 people at Sanford, N. C. In addition, we operate a small shop in Pawtucket, R. I., for manufacturing spinning and twisting rings which employs about 50 people.

All of our equipment is built to customers' specifications. With this type of operation, it is impossible to utilize the mass production methods which, to a great extent, protect such industries as automobile manufacturing from foreign competition. About half of our total cost is direct labor so that our costs and prices are necessarily directly tied to the American wage scale and standard of living. Our average take-home wage in Biddeford is about $1.86. This compares with about 50 cents in Great Britain, around 35 to 40 cents in Germany, and approximately 10 to 12 cents in Japan.

Because of this great differential in costs, it is obvious that tariff protection is of importance to the industry. As late as 1939 the rate on equipment of the type manufactured by us was 40 percent. In that year it was cut to 20 percent. There was no opportunity to test the effect of this reduction because the war followed immediately. After the close of the war and over the protest of our industry that the 20 percent rate was none too high, the rate in 1948 was reduced to 10 percent. The industry predicted at the time that as soon as the foreign textile machinery industry had filled the pent-up demands of their own textile industry growing out of the drastic reduction in textile machinery manufacture during the war, they would enter the market in the United States and, due to the great difference in costs and the lack of tariff protection, become a serious threat to the domestic textile machinery industry. In 1950 and 1951 precisely what had been predicted started to happen when the British industry entered the market with the cotton carding machine.

This was a logical entering wedge because the cotton card is a relatively simple machine and the British card was substantially the technological equal of the American card. In the years 1951 and 1952 the British card which previously had not been sold in this country for 30 years prior to 1951, took over 10 percent and 40 percent, respectively, of the total deliveries of cards to domestic textile mills. The domestic industry applied to the Tariff Commission for relief under the escape clause in the Trade Agreements Extension Act of 1951 but such relief was denied largely, we believe, because at the time of the hearing the spring of 1953 we were in a textile depression and the textile industry was not buying either British or American cards. At the time of the hearings before the Tariff Commission we stated to the Tariff Commission in the strongest possible terms that the card was only the opening wedge and that with any revival in the textile industry in this country it would be followed by the aggressive merchandising of other foreign machines. What we predicted then is precisely what has happened and is now happening.

Within the last few months there has been a sufficient recovery in the textile industry to revive interest in the purchase of new equipment. This has immediately brought foreign selling to the fore. Foreign selling efforts in this country have been intensified. Foreign builders have seized upon and copied our latest constructions. Arrangements have been made to stock foreign parts in this country and to provide servicing here for foreign machines. As a result of these efforts a number of mills in this country have recently placed orders for British, Swiss, and German textile machinery. The most serious aspect of this from our point of view was the buying by an American mill of about 10,000 spindles of

Swiss spinning machinery which is an order in the magnitude of about $2,000,000 or, roughly, around 10 percent of our present annual volume.

It is our sincere belief that we are faced with a grave situation and that we should try to call it to the attention of our Government before it becomes disastrous. The textile industry is the third largest in the country, and so far as spinning and preparation is concerned, we and one other company are the only American suppliers of equipment. In the interest of national defense and of a balanced economy, we believe that we should be given a competitive chance to survive. We believe that the present tariff on the types of textile machinery made by us is inadequate and that reducing this tariff still further would amount to passing a death sentence on our industry.

It is fashionable at this time to say that an American industry which cannot compete with foreign manufacturers should go into some other line of business where it can compete, and that all the Government should do is ease the blow by some kind of interim subsidy. Let me say that this is no answer in the case of the textile machinery industry. The domestic textile industry must have a supporting domestic textile machinery industry. It cannot depend in wartimes for its machines or parts on the British or the Swiss or the Japanese. It is no answer to this problem to tell the textile machinery industry to turn to the manufacture of business machines or automobiles. There must be a textile machinery industry in being and that can be guaranteed only by adequate tariff protection.

Very truly yours,

MALCOLM D. SHAFFNER, *President.*

WASHINGTON, D. C., *March 9, 1955.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

Dear SENATOR BYRD: On behalf of our clients, the Boston Wool Trade Association, the Philadelphia Wool and Textile Association, and the National Wool Trade Association, we testified before the House Ways and Means Committee during its hearings on H. R. 1, to urge that this bill be amended to increase the tariff on imports of wool cloth fabrics to the level set by the Tariff Act of 1930, or at least to forbid further reductions in this tariff. We are happy to cooperate with your committee's request that testimony presented to the Ways and Means Committee not be repeated orally before your committee at its hearings on H. R. 1, and we respectfully request that this summary of the position of the three wool trade associations which we represent be inserted in the record of your committee's hearings on this bill.

The members of the three wool trade associations supply the wool manufacturing industry of the United States with approximately 90 percent of the wool which it consumes. Our members buy wool at the ranch in the United States or import it, sort it, classify it as to type and grade, process it through the cleaning operation known as scouring, and perform all other services necessary to prepare the raw wool from the sheep's back for use by manufacturers. In addition some of our members perform the early stages of manufacture known as combing and top making, which prepare the wool for manufacture into yarn. The function of the wool trade is to act as a connecting link between the wool grower and the wool manufacturer. We are therefore vitally interested in the welfare of both the woolgrowing and wool manufacturing industries of this country.

We believe that maintenance of a strong wool manufacturing industry in this country is essential both from the standpoint of national defense and from the standpoint of maintaining a prosperous and healthy economy in the New England, Middle Atlantic and Southern States, in which this industry is principally situated.

From the standpoint of national defense, it would be foolhardy to rely upon imports of wool cloth for the enormous textile requirements necessary to clothe our Armed Forces. It should be emphasized that the bulk of the wool manufacturing facilities outside of the United States is situated relatively near the Iron Curtain, in Great Britain, Japan, and the Middle European countries, and is, generally speaking, closely concentrated in small areas particularly susceptible to bombing attack or outright capture.

The wool textile industry is an essential part of the economy of the New England, Middle Atlantic and Southern States. The current depression in the textile

industry has caused severe dislocation to the entire New England economy, and has had pronounced effects in areas of the Middle Atlantic States and the South.

Since 1948 imported wool cloth fabrics have taken a continuously increasing share of the domestic market and must be regarded as a major factor causing the depression in the United States wool textile industry.

The present tariff on imports of wool textiles does not suffice to protect American wool manufacturers from low wages paid by their competitors abroad, to say nothing of the various practices strictly forbidden our manufacturers by our laws, such as the currency manipulations and incentive payments which have been employed by foreign countries in recent years.

It has been authoritatively estimated that at the present rate of attrition the New England textile industry will in 8 years be a thing of the past.

In view of the above considerations, the wool trade feeds abundantly justified in asking that the Congress take appropriate steps to protect the domestic wool manufacturing industry from further injury by imports. We believe that the remedy would be an amendment of H. R. 1 reinstating the level of tariffs on wool cloth fabrics established by the Tariff Act of 1930. At the very least, we urge that H. R. 1 be amended to prevent further reductions in the present tariff.

Respectfully,

CLINTON M. HESTER.
By J. A. CROWDER.

UNITED TEXTILE WORKERS OF AMERICA,
Washington, D. C., March 9, 1955.

The Honorable HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We desire to register our opposition to any further reduction in textile tariffs, and we strongly recommend that the foreign trade bill passed by the House of Representatives be amended to safeguard an industry which is now critically affected by unemployment.

Our concern in the matter of textile tariffs stems mainly from the discretions afforded the President in his authority to reverse the decisions of the Tariff Commission even when peril and injury have been proven, and the probability that the textile industry of the United States will be victimized in negotiations with Japan under the General Agreement on Tariffs and Trade. The fact is that the American textile market is a prime Japanese objective. We believe the exchange of trade should be arranged on a selective basis.

We fear the danger of selecting the United States textile industry, per se, for experimentation and a further lowering of textile tariffs, not only by the Executive, but through the GATT negotiations.

We ask the Senate to take a close look at this foreign trade legislation; it demands more time than was allotted to it by the House of Representatives.

Respectfully yours,

ANTHONY VALENTE, *International President.*

FOUNTAIN PEN AND MECHANICAL PENCIL
MANUFACTURERS' ASSOCIATION, INC.,
Washington, D. C., March 10, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: The membership of this association wishes to go on record in formal opposition to the passage, in its present form, of the proposed trade-agreements extension bill of 1955, designated as H. R. 1.

The membership of the Fountain Pen & Mechanical Pencil Manufacturers' Association is composed of 75 manufacturers of mechanical handwriting instruments, such as fountain and ball-point pens and mechanical pencils, and of supplies required in their production. The individual companies are largely small businesses located in all parts of the country. They employ skilled labor and pay their employees commensurately.

Foreign markets for the products of these firms have already been severely curtailed by certain competitive practices on the part of foreign manufacturers, notably Japanese, who imitate American-made precision instruments even down

to the point of stealing American brand names and trade-marks. These imitations are cheap in quality and vastly inferior to American-made authentic instruments. The fact that their functional standards are far below those of the American products imitated is causing severe damage to the reputations of such American companies as Parker, Sheaffer, Esterbrook, Kahn, and Scripto. Added to this, many of our industry's foreign markets have been shut out by embargoes, trade restrictions, and currency manipulations. The result of such practices is that the American market is becoming the only market left for American producers, and we earnestly urge that Congress protect that market for us.

The Constitution gave to the Congress the power to levy and collect taxes and tariffs. This bill seeks to transfer to the executive branch much of the power that belongs to Congress. It is as dangerous a precedent as though Congress decided to delegate its taxing powers to the Executive. Such a proposition is unthinkable. This association believes that delegating such broad powers in the tariff field to the President is equally bad. Instead of passing the mantle to the Executive, Congress should increase the prestige of the Tariff Commission by removing the power of Presidential veto of Tariff Commission reports and having the Commission report direct to the Congress instead. At the present time the Tariff Commission is the most disregarded expert body in the United States. Witness the number of times the President has followed recommendations of the Tariff Commission under escape clause petitions.

The power to lower tariffs by 15 percent, such as it is contemplated to grant the Executive under H. R. 1, would be highly dangerous to this industry as well as to other industries composed primarily of small manufacturers. There is no doubt that the large industrial empires would be in a position to survive tariff decreases. It is the small enterprises which are not able to command the enormous resources such as those in the steel and automotive industry who will bear the burden of the sacrifices.

Very truly yours,

FRANK L. KING,
Executive Vice President.

MONSANTO CHEMICAL CO.,
RESEARCH AND ENGINEERING DIVISION,
Dayton, Ohio, March 7, 1955.

Hon. HARRY FLOOD BYRD,
The United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: We urgently recommend that you take action to prevent passage of H. R. 1. We are convinced that this measure represents a serious threat to the future of the organic chemical industry in this country. As such, it would endanger our national defense by cutting off domestic sources of vital materials and it would jeopardize our economy by creating unemployment and lower standards of living for our workers.

The primary purpose of our American tariffs is to equalize our costs with those of low-paid foreign labor and thus protect necessary industries. Hence, tariff revisions must evolve from a careful consideration of individual products and their relationship to the national security. We feel sure you will agree that it is illogical to cut tariffs indiscriminately across-the-board without studying the possible consequences for each product or each industry involved. We therefore request that you aid in preventing passage of H. R. 1.

Very truly yours,

E. C. MCCARTHY, *Plant Manager.*

MONSANTO CHEMICAL CO.,
INORGANIC CHEMICALS DIVISION,
South Kearny, N. J., March 9, 1955.

Hon. HARRY F. BYRD,
United States Senator,
United States Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: A reduction of United States tariffs on foreign made goods, particularly on chemicals, represents a dire threat to the American chemical industry. We solicit your assistance in voting down H. R. 1.

We, in the industry, know that we can successfully compete on a fair and equal basis with anyone in any market when competition is permitted to operate fairly as in the American free-enterprise system. On the other hand, we cannot successfully compete when we would be forced to sacrifice our standard of living in order to do so.

Passage of H. R. 1 and its implementation will have the same effect on our standard of living as if we were to reduce wages sufficiently to put us in a competitive position with foreign markets. We are certain that no one wants us to do that; however, the continued loss of domestic business by the influx of foreign goods produced by cheap labor can just as effectively throw men out of work and thus reduce the American standard of living.

The American chemical industry must be maintained in a high state of efficiency ready to provide our country with the essentials for a sound economy in peace as well as in time of national emergency. The reduction of tariffs will mean lower-priced goods on a temporary basis until American competition is run out of business and then prices on foreign made goods will rise exactly as they have on previous occasions when this has happened.

We urge you to consider the importance of preserving the vital chemical industry of America for our national security and well being.

Very truly yours,

JOHN M. DEEP, Jr., *Plant Manager.*

SAN FRANCISCO, CALIF., *March 9, 1955.*

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

We strongly support the position of the American Merchant Marine Institute in opposition to restrictions on importation of petroleum products and in addition we urge that no further restriction be placed on trade between South America and the United States, particularly as regards petroleum products from Venezuela to the United States. The interchange of trade between the Americas seems of paramount importance to us in view of the troubled condition of trade in other parts of the world and we urge that your committee refrain from any restrictions against this inter-American trade in addition to the impact that it may have on our national defense.

GEORGE A. POPE.

OLIVE GROWERS ASSOCIATION,
San Francisco, Calif., March 10, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: We are a nonprofit cooperative packing association comprised of approximately 130 grower-members, who are engaged in processing, packing, and selling California canned ripe olives throughout the United States. In many instances California olives represent the sole occupation and source of livelihood, but certainly to all of our members it is the major source of income.

We are deeply concerned H. R. 1 and its possible potential effect on the California olive industry. Ours is a struggling but expanding industry which has surmounted and existed under almost impossible conditions, but it is not what one would call healthy, due to the already existing competition from the importation of Spanish green olives and olive oil from the Mediterranean areas which has relegated these products, which could be produced in California, to byproducts and a consequent impairment in market prices available to us as growers for such products.

As a consequence thereof, we have had to resort to ingenious methods to survive and, therefore, have through the years developed the now well-known and accepted canned ripe (black) olives. We, as an industry, feel that we cannot survive in direct competition with the similar products available and now being imported from the Mediterranean areas.

It now develops that Spain proposes to export an item similar to that which has been developed solely in California. Without adequate tariff protection against the importation of such packs, the California industry can only shrivel up and die.

For comparison we give you some figures and facts to support our point. Spain is reputed to have between 4 million and 5 million acres of olives. California has approximately 30,000 acres.

Because we cannot uitilize our entire crop for canned ripe olives, which is now acknowledged and admitted to be the backbone of our California industry, we, therefore, are obliged to lose a large percentage of our annual crop or divert it into byproducts such as olive oil and barreled green olives. The industry got into such a bind financially in 1952 that they sought assistance from the Department of Agriculture, which resulted in the Commodity Credit Corporation extending a nonrecourse loan to producers of California olive oil, which olive oil was eventually possessed by the Commodity Credit Corporation which is even now currently trying to dispose of some 6,000 drums which they still have on hand from that year, but which they have had difficulty in selling because of competition from the imported product.

The original loans made by the CCC were realistic and not excessive, but probably because of the fact that the CCC were unable to find outlets for this oil production, except at considerable loss, the availability of such assistance and loans to producers from the CCC were discontinued.

We feel that if the Government agencies cannot dispose of surplus olive oil in the world markets except at considerable loss to them, that it proves our point insofar as our industry and individual component parts within that industry are concerned.

When you realize that traditionally only about 50 percent of our total annual crop is suitable and available for processing into canned ripe olives, that the other 50 percent must be diverted of necessity to low-priced byproducts, we believe it will at once become apparent that our industry is skating on very thin ice.

For reasons outlined hereinabove, the purpose of this letter is to register our opposition to H. R. 1, unless olives can be exempted from its provisions.

Respectfully submitted.

W. L. HARCOURT, *Managing Director.*

PACIFIC AMERICAN STEAMSHIP ASSOCIATION,
Washington, D. C., March 10, 1955.

Re H. R. 1, Trade Agreements Act Extension of 1955, residual fuel oil import restrictions.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This association, consisting of the principal American steamship operators on the Pacific coast, takes this opportunity to state its views in opposition to the placing of a quota on imports of fuel oil for merchant vessels. Such a proposition has been pub forth, in the form of an amendment introduced by Senator Neely and endorsed by 16 other Senators.

From all indications, this amendment is designed to protect the coal-mining industry whose output has been seriously curtailed with the advent of fuel oil in recent years. The anthracite industry has referred to the sharp drop from 60 million tons output 10 years ago to only 26 million tons output in the past year.

None of this output drop was occasioned by changes in the types of fuel used by merchant ships; yet the amendment proposed by Senator Neely and the 16 other Senators specifically includes oil for use by merchant vessels in the quota arrangements. Actually, merchant vessels ceased using coal over 40 years ago and, therefore, should not be the target of any tariff which attempts to stem the tide of declining coal output resulting from changes in home heating equipment in only the last 10 or 15 years.

It hardly bears repeating in this letter that a strong merchant shipping industry is essential to our export economy, including the exports of coal. There is no doubt but what a higher cost for fuel would be reflected in the rates paid by all exporters—not the least of which in the past 10 years have been the coal exporters.

If the quota restriction on residual fuel oil is imposed, several unfortunate things will happen, and several things, which the proponents hope to accomplish, will not happen:

1. Domestic coal producers will not sell one more ton of coal to ship operators calling at United States ports than they now sell, which is practically negligible. Modern ships don't burn coal.

2. Domestic residual fuel-oil producers will undoubtedly sell more than they now sell to ships, but at a higher price, due to the fact they don't produce enough to meet demands now, and due to the restriction on imports.

3. Some American-ship operators, particularly operators in the coastwise and intercoastal trade, will, if fuel oil costs go up as a result of import quotas, face a serious problem of survival, as they are now operating at break-even costs or in the red.

4. All American ship operators, whose higher costs of operation are well known to the Congress, will endure shortages and higher costs by this means, and without benefiting the coal industry in the slightest degree.

No one to our knowledge engaged in the production of residual fuel oil has committed himself in the record thus far in these proceedings, as to the ability of the oil industry to supply the needs of merchant ships if this quota is levied, for it is well known it can only supply a fraction of needs now. Nor has anyone from the coal industry suggested that the shipping industry might revert to coal, which fuel they abandoned over 40 years ago. If either of the advocates of this scheme has an answer to this two-pronged dilemma, the shipping industry would like to know about it.

The frustrating, even disastrous results which would be visited upon our country's vital mechant marine prompts the members of this association to urge in unequivocal terms the committee's opposition to this amendment.

It would be appreciated if this letter could be made part of the record in the hearings under H. R. 1.

Very truly yours,

RALPH B. DEWEY, *Washington Representative.*

UNITED GLASS AND CERAMIC WORKERS OF NORTH AMERICA, CIO-CCL, LOCAL NO. 3,
Henryetta, Okla., February 8, 1955.

Hon. HARRY BYRD,
United States Senator,
Chairman of the United States Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: I am writing you in regard to the reciprocal trade program before the Senate Finance Committee, Senate Office Building, Washington, D. C. We are not against this program but we believe program should be fair to both industry and labor in this country of ours.

This tariff hurt us last year as it now stands, and if further lowered will cause a loss both to labor and industry.

We think this agreement should both be fair to our country and to the foreign country made with, and that they should not be given any allowance that will cause our people loss of work, and lowering our living standard.

Thanking your committee for any consideration you can grant us in this committee hearing before your committee.

Sincerely yours,

AUDLEY M. DUNCAN, *Recording Secretary.*

CATTARAUGUS CUTLERY CO.,
Little Valley, N. Y., March 8, 1955.

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: During the past several years the writer has had occasion to write you on a number of subjects, most of which concerned the welfare of American industry and we are happy that you have seen eye to eye with us on most of these subjects.

At the present time, your committee is considering the administration's ideas with regard to tariff. Whether you know it or not, the small-tool industries which include cutlery, in the United States are having a very rough time and a lot of this difficulty has been brought about by competition with the importations from foreign lands where labor costs are a fraction of what they are in the United States.

Labor costs in our business are our biggest cost item and there is no possible way for us to compete with the same type and class of merchandise made in foreign lands where the standard of living is much lower than ours and labor costs are not comparable to ours in the United States.

American industry does not fear foreign competition providing the foreign merchandise of comparative value can be landed in the United States for a figure close to what the same merchandise in the United States can be manufactured for.

We cannot compete, however, with foreign merchandise that has landed in the United States, which in some instances are being sold here at prices far under what we can possibly manufacture the same merchandise for.

We believe that the welfare of American industry is far more important to the American people than the welfare of industry in foreign country. In other words, in our book the welfare of the United States comes first. If, after our own people are taken care of, we can be of some aid to people elsewhere, then we are all for it.

We don't believe that foreign competition is entirely responsible for the condition of the small-tool industry at the present time, but it is a contributing factor and a very big one. In what might be classed as normal times we employ from 180 to 250 people. At present this figure is down to about 40 and our operation is not up to what would be classed a break-even level.

For some reason or other recent administrations in Washington, the present one included, have not given much consideration to the welfare of American industry. Already many manufacturing establishments that formerly offered employment to American workmen have ceased operation and this condition will be materially increased unless something is done that will make it possible for us to pay high wages to American workers and at the same time sell the product at a price that will show a reasonable profit.

Hoping that you may see your way clear to support the different ideas that will give some protection to American industry, we are

Sincerely yours,

P. T. CHAMPLIN, *Treasurer.*

SPORTING ARMS AND AMMUNITION MANUFACTURERS' INSTITUTE,
New York 17, N. Y., March 10, 1955.

Senator HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The Senate Committee on Finance is now conducting hearings on H. R. 1, the Trade Agreements Extension Act of 1955. The Sporting Arms and Ammunition Manufacturers' Institute wishes to draw the committee's attention to certain matters outlined below relating to this legislation. The institute respectfully requests that its comments be made a part of the hearings record.

The Sporting Arms and Ammunition Manufacturers' Institute located at 250 East 43d Street, New York, N. Y. is a voluntary unincorporated association of practically all of the sporting arms and ammunition manufacturers in the United States but not including pistol and revolver manufacturers.

The member companies of the institute employ about 20,000 people, and a substantial number of these companies are located in critical labor areas.

The members of this institute comprise a vital defense industry. In times of national emergency, the need for small arms and ammunition of military types grows enormously and it is upon this industry and its skilled know-how that our Government depends for such requirements. In peacetime, the members of our institute are dependent almost entirely on their sporting arms and ammunition business, and only so long as it is maintained in a strong and healthy condition can the Government and its allies rely upon our industry for rapid expansion when a war emergency arises. This has been demonstrated down through our Nation's history and will continue to be so demonstrated as long as the need shall exist and as long as our industry survives.

Much of this is explained in full detail in the statement this institute provided on February 8, 1955, to the House Committee on Ways and Means outlining the industry's position on H. R. 1. A copy of that statement is attached to this letter.

Despite the good work done by that committee in amending H. R. 1 from its original form, there remains much to be done to make this legislation acceptable. There are two main points which far overshadow all others in importance in which this legislation is lacking.

First, insufficient attention has been given to providing vital defense industries with adequate protection from import competition. In some cases it may be necessary to go so far as to exclude imports, especially where the duty structure is insufficient. Second, there is inadequate relief for those industries that have been injured or face continuous threat of injury as the result of tariff concessions.

This industry has a problem with one of its products that focuses its interest on these two points. Compounded concessions have been granted for the tariff classes which include autoloading shotguns. Imports of this type of firearm have increased to a proportion of the United States market that is alarming and it appears that this share for imports is going to keep on growing unless tariff relief in some form is provided.

In closing, this institute cannot overemphasize the absolute need for the safeguarding of vital domestic national defense industries so that they will be adequately prepared for national emergencies.

Very truly yours,

RICHARD F. WEBSTER, *Secretary.*

NEW YORK, N. Y., *March 11, 1955.*

SENATE FINANCE COMMITTEE,
Senate Office Building,
Washington, D. C.

Selfish interests advocating crippling amendments to H. R. 1, using defense essentiality as excuse. Our Navy is larger and better than all others combined. Even should we "go it alone," which God forbid, we could control all sealanes and continue necessary imports. Statesmen in the House passed H. R. 1 unamended. Surely Senate is not lacking in statesmanship. Please make this a part of record in present hearings.

DAVID B. JARVIS.

STATEMENT ON BEHALF OF THE INDEPENDENT REFINERS ASSOCIATION OF AMERICA ON THE EXTENSION OF THE TRADE AGREEMENTS ACT

This statement is submitted on behalf of the Independent Refiners Association of America by its general counsel, the firm of Meyers & Batzell. The IRAA is an association of domestic oil refiners of the United States. Typically. its members are nonintegrated, producing little or none of the crude oil processed in their plants. They operate modern, efficient refineries making products competitive in quality with those of the large, integrated major oil companies.

A little over a month ago, we had the opportunity of submitting a statement to the House Ways and Means Committee on the proposed extension of the Trade Agreements Act (H. R. 1). Substantially the same proposal is now being considered by this committee.

We understand that the committee will consider fully the views previously expressed; no statement would have been submitted except that between the time of the House hearing and the initiation of considerations by this committee, a Cabinet level report, bearing in part upon the problem of petroleum imports, has been submitted to the President. The importance of conclusions reached in the report by the President's Advisory Committee on Energy Resources makes submission of additional nonduplicating material highly desirable.

The association recommendation has been: that the Congress declare as a national policy that the level of petroleum imports essential to national defense be that which supplements but does not supplant domestic supplies; that the President be authorized to determine from time to time the appropriate level for such imports; that the President be given power to call together the large importing companies, when imports reach an excessive level, to enter into voluntary agreements curtailing such imports to appropriate levels; and that these voluntary agreements, while temporary, when entered into provide the signatories with exemption from the antitrust laws in following the terms of the agreements.

The IRAA program is a voluntary program as comparison with the Advisory Committee's recommendations will show. But it is backed up by a declared con-

gressional policy which gives it validity not only in the United States but throughout the world. Moreover, it assures a continuous responsibility on the part of the Executive to see that the public interest which gives rise to the need for restricting imports is carried out through the duly elected representative of the people—the President.

Under such a program the policy decision as to when, in the national interest, imports are excessive is left to the Government. Certainly it would seem that no company no matter how large, how well informed, or how public spirited could be effective to make such a determination on any continuing basis. The decision as to how limitation of imports to nonexcessive levels is to be made, however, is left to private organizations whose competence to establish the best methods and means for accomplishing restriction is unquestionably superior to the Government's.

The determination of the Advisory Committee as carried out by the Executive recognize four of the key elements in the program recommended by the IRAA.

First, a Government organization of the President must make a determination as to when imports are excessive.

Second, there must be a recommendation restricting imports to nonexcessive levels determined by the Executive.

Third, the method of accomplishing the restriction should be voluntarily determined by the industry.

Fourth, notification by important officials of the Executive must be directed to major importing companies emphasizing the necessity of adhering to the restricted import program determined by the Executive.

The IRAA is not in agreement with the determination of the Advisory Committee as to the import level which the Committee believes are excessive. The IRAA would place the excess level materially lower than did the Committee. For the purpose of finding a solution to the import problem, however, this difference is less important than the fact that it has now been recognized, by the President, that excessive imports can and will occur, that the Executive has, at least for this year, made a determination as to what is excessive, that recommendations have been made by the Executive that imports be curtailed to nonexcessive levels, and the way of doing it has been left to the industry. These basic points, now adopted by the administration, are all parts of the IRAA program.

Although a beginning has been made, there are four important aspects of the IRAA program omitted from the administration effort to resolve excessive imports:

First: The committee determination was not made in keeping with a standard or policy established by the policymaking body of the Government—the Congress. Accordingly, there is no permanent policy which can be operative from year to year and no standard of import control which can be pointed to as official United States policy either at home or abroad.

Second: There is no requirement that the Executive constantly review the import situation, and make determinations as to excessive imports when such circumstances arise. Many competent and well-respected individuals and organizations have been calling attention to the petroleum import problem since early 1953. The IRAA has urged action upon the executive branch orally and by letter for the past 2 years. Until the study of the Advisory Committee, specially appointed on energy resources in general, no action was forthcoming, however.

Third: There is no mechanism by which, with the advice of the Government, large importing companies can discuss one with another the means of curtailing imports in a fair and orderly manner. In the absence of such a mechanism it is difficult to see how individual companies can overcome the natural drive of each to maximize profits through maximizing imports. The IRAA proposal empowering the President to call together large importing companies to arrive at a plan for reducing imports overcomes this difficulty.

Fourth: The present recommendation for voluntary action, unlike the IRAA program, contains no correlative assurance to those effecting a cutback of freedom from prosecution under the antitrust laws. Is there not in this an element of unfairness to companies which adhere to the recommendation? Is there not at least a portion of antitrust doctrine which suggests that a series of parallel actions, undertaken at about the same time, which restrict the normal flow of commerce may violate the antitrust laws?

The administration seems to have gone halfway along the route of a flexible program which can be successful in restricting imports to appropriate levels. The Advisory Committee recommendations accept two basic concepts: (1) it

must be the Government which determines when imports are excessive, and (2) it should be the importing companies which determine how restrictions are to be carried out. The Advisory Committee, however, neglects recognition of the need for continuing review of the situation, or the necessity of a congressional policy and antitrust immunity as sound protective devices to both the executive and the participants. These omissions must be corrected if a so-called voluntary program will succeed.

There are, moreover, other vital considerations which have not been covered in the recommendations of the Advisory Committee and which undoubtedly would be covered were specific responsibility for measuring excessive imports on a continuing basis placed on the Executive. Thus, for example, imports from different areas may have different degrees of importance to the defense of the United States. This is a matter which any restrictive program as respects petroleum imports must take into account and which the IRAA program, through its flexibility, can handle well.

During both World War II and the Korean action, Canadian petroleum activities were treated by the Government petroleum administration as of parallel importance to those in the United States. In the post-World War II period the now abolished Army-Navy Petroleum Board announced publicly findings to the effect that petroleum activities in the Western Hemisphere were of superior importance to the welfare of the United States than those in the Eastern Hemisphere. It is not unlikely that these same relative importances of areas exist today and that accordingly, imports from areas of preferred importance to this Nation would have to be given a preferred status in any curtailment of imports. This has not, and cannot be effectively done under the approach of the Advisory Committee.

There is no doubt that a continuation of petroleum imports is necessary to the United States. The question is not whether there should be imports but what should the level be and how should excessive imports be prevented.

IRAA does not believe a rigid restrictive program will do the job. The level will change from time to time depending on a multitude of circumstances. Nor will a rigid Federal control which ignores the relative importance of supplying areas meet the defense needs of this Nation.

The IRAA further does not believe that purely voluntary programs conducted by the industry without at least antitrust protection will result in effective curtailment. There has been a steady increase in imports for the past 3 weeks despite the advisory committee recommendations, the House Ways and Means Committee hearings, and assurances as to business statesmanship given over the past several years.

The Independent Refiners Association of America recommends that this committee, in connection with its study of the foreign-trade program, take positive-action as to legislation which will carry to appropriate conclusion, as recommended by the IRAA for the past 2 years, the type of voluntary program finally initiated by the advisory committee recommendations. A start has been made; this committee can provide the impetus for carrying it through in the way it will have to be done if flexible import control is to be effective.

Statement of the Hardwood Plywood Institute in Opposition to H. R. 1

Mr. Chairman, members of the committee, I am Robert N. Hawes, a partner in the law firm of Hawes & Gosnell, of Washington, D. C. I am general counsel for the Hardwood Plywood Institute, a nonprofit corporation, engaged in the business of promoting the interests of its members, manufacturers of hardwood plywood.

I am making this statement on behalf of the Hardwood Plywood Institute and its 57 member companies in opposition to H. R. 1, as passed by the House.

Hardwood plywood is a laminated panel, made of plies of wood with the face veneer of a species of hardwood, such as birch, oak, walnut, mahogany, and gumwood. There are two general types: veneer core, which is made entirely of veneers—a veneer is a thin slice of wood: and lumber core, which has faces and backs of veneers with a center core of lumber. The face veneers run the length of the panel and the alternating plies at right angles. The plies are bonded by adhesives.

The principal uses for hardwood plywood are in furniture, radio-TV cabinets, tables and desks, flush doors, store fixtures, wall paneling, and industrial uses.

Its primary function is to supply the decorative effect of wood grain or the smoothness of a hardwood surface.

Hardwood plywood should not be confused with softwood plywood which is largely a construction or structural material.

Imported plywoods are made of hardwoods and are comparable to the American hardwood plywoods in construction, appearance, and use. The American product is made principally of domestic hardwoods and the imported plywoods of hardwoods from foreign countries.

According to the Facts for Industry Report of the Department of Commerce there are 151 companies producing hardwood plywood for sale in the domestic market. There are 85 companies in the Southern States with the largest concentration in the States of Georgia, North Carolina, and South Carolina. There are 23 companies in the New England area, 25 in the Lake and Central States and 9 in the Pacific Northwest. All of these companies with the exception of six are small independent concerns with plants in small communities, which are wholly or in part dependent on the plant for its economic welfare.

The capital invested in the American plants exceeds a hundred million dollars. The plants employ 25,000 persons and have an annual payroll of over $30 million. There are additional thousands of workers in the woods, trucking, etc., dependent on the operation of the hardwood plywood plants for their livelihood.

The hardwood plywood uses over half of all the veneer produced in the United States by over 400 plants with several thousand employees, and payrolls of several millions of dollars.

The Tariff Act of 1930, paragraph 405, classifies plywood by species: Alder, birch, Spanish cedar, western red pine, and "other," meaning species other than those enumerated. As the imports are almost entirely in birch and "other" species, we are concerned only with the imports in these categories.

On January 1, 1945, the duty on birch plywood was 25 percent ad valorem and on "other" plywood 40 percent ad valorem. At Annecy, France, in 1949 the duty on birch was reduced to 20 percent, effective May 1950. At Torquay, England, the duty on birch was again reduced from 20 to 15 percent and the duty on "other" from 40 to 20 percent; these reductions were effective June 1951.

Mr. Chairman, I have here a chart showing the plywood imports for the year 1950–54, prepared by the Forest Products Division of the Business and Defense Services Administration of the Department of Commerce. This chart illustrates the effect of the tariff concessions at Annecy and Torquay. This chart has been reproduced by the Hardwood Plywood Institute.

Mr. Chairman, I have a second chart also prepared by the Forest Products Division of BDSA which shows the American production and the imports for the years 1953 and 1954. This chart shows the decline in American production in ratio to the increase of imports. It also shows the total American market and the increasing portion absorbed by imported plywoods.

Inu 1950, the year the Annecy tariff reduction went into effect, plywood imports amounted to 63 million square feet. In 1951, the year the Torquay tariff reductions went into effect, plywood imports totaled 73 million square feet. In 1953 plywood imports amounted to 220 million square feet; in 1954 to 434.8 million square feet—an increase over 1951 of 600 percent.

In 1951 imported plywoods enjoyed 8.9 percent of the American market. In 1954, imported plywoods enjoyed 38 percent of the American market.

As imported plywoods absorbed more and more of the American market, domestic production declined from 801 million in 1953 to 715 million square feet in 1954, a loss of 85 million square feet.

In the summer of 1954 the Hardwood Plywood Institute employed the accounting firm of Seidman & Seidman to survey the industry to determine the effect of plywood imports on the American industry. A survey of a representative group of companies shows that in the first half of 1954 dollar sales were down 27 percent from the like period in 1953 and profit on sales had fallen from 7.8 percent to one-third of 1 percent—a bare break even point.

The decline in American production, loss of dollar sales, and loss of profit are attributable to the unfair competitive prices of the imported plywoods. Japan and Finland are the principal offenders. Together these countries account for from 60 to 70 percent of the total imports. In 1950 Japan shipped to the United States 5 million square feet; in 1951, 12 million square feet; in 1953, 105 million square feet; and in 1954, 289 million square feet. An increase over 1950 of 5,780 percent. Finland's exports of plywood to the United States have increased from 1.3 million square feet in 1950 to 31 million square feet in 1954, an increase of 2,380 percent.

The average value in 1954 of Japanese plywood for duty purpose was $57 a 1,000 square feet. The duty is 20 percent and ocean freight in Japanese bottoms is less than $5 per 1,000 square feet, the average landed price duty paid is less than $80 per 1,000 square feet. This is less than the cost of labor and materials in one of the lower cost species of American hardwood plywood.

The United States Embassy at Tokyo reports that the average wage of a Japanese worker in a plywood plant is 11 cents an hour for 203 hours a month, a total of $22.33 a month. The Japanese labor cost per 1,000 square feet of plywood is reported to be $4.17. In the American plants the average wage ranges from $1 an hour in some Southern States to $1.32 in the Northeast area. The cost of labor in an American plant with the lower average wage is about $28 per 1,000 square feet, or 7 times that of the Japanese manufacturer for a comparable product. The low wages paid in Japan permit the sale of plywood at prices below the cost of production of the American manufacturer.

Finland is also a large exporter of plywood to the United States. Again the prices are much less due to a much lower wage scale. The Finnish wage scale is about one-half that of the United States. This difference permits the Finns to undersell the domestic producer by a substantial margin.

In 1949 and again in 1950 the plywood manufacturers appeared before the Committee for Reciprocity Information and the Tariff Commission to ask that no reductions of the duty on plywood be granted at Annecy in 1949 and at Torquay in 1950. The State Department acceded to the demands of foreign countries for reductions on both occasions, and the influx of plywood imports has been the result.

In November 1953 the Hardwood Plywood Institute on behalf of its members filed with the Bureau of Customs complaints under the Antidumping Act against Japanese and Finnish plywood manufacturers charging dumping of plywood into the United States. The complaints were documented and it was believed made a case under the law. The Customs Bureau advises that an investigation was made in Finland in the fall of 1954, almost a year after the complaint. The investigators were sent to Japan in December 1954 over a year after the complaint was filed. The reasons for the delay are difficult to understand. Many months ago our Legation in Finland reported sales of Finnish plywood to the United States at less than the cost of production. Our Embassy at Tokyo has reported admissions of dumping in the United States of plywood produced in the Nagoya Prefecturate.

On September 3, 1954, the Hardwood Plywood Institute applied to the Tariff Commission for action under the escape clause. The Tariff Commission is presently conducting an investigation. The hearings will be held on March 22, 1955.

Mr. Chairman, the hardwood plywood industry believes that the facts submitted to the Tariff Commission are sufficient to meet the escape-clause criteria established by the Trade Agreements Act. We have been advised by others more familiar with these matters than we are, that we have made a case. The question that concerns the hardwood plywood industry is this: If the Tariff Commission recommends relief will relief be granted? Is the industry pursuing a will-o'-the-wisp by undertaking an escape-clause action? Will all the effort and expense result in a political decision that the welfare of foreign manufacturers is more important than the jobs of American workers, the wages and taxes provided by our production? The questions are not put lightly, they are of genuine concern to this industry and many other American industries similarly situated.

There have been 59 escape-clause applications, 5 were dismissed, 3 are pending and 51 investigations have been completed. Of the 51, 14 were dismissed, in 22 the Commission decided against escape action, in 12 the Commission decided in favor of escape action and in 3 the Commission was divided. The President declined to take the recommendations in 10 cases. The escape clause was invoked in five cases. The record is not one which would develop a feeling of confidence in an industry seriously damaged by imports.

We are seriously concerned with the statements that imply that escape-clause action when recommended by the Tariff Commission will be declined where the effect of the action would reduce imports from Japan. This indicated policy, if applied to hardwood plywood would foreclose relief for the industry. It would also indicate a prejudging of cases arising under the peril-point or escape-clause provisions of the law.

Japan has little historical status as an exporter of plywood to the United States. Prior to World War II the largest quantity Japan exported to the United

States was 1.5 million square feet. In 1950 Japan's exports of plywood to the United States amounted to 5 million square feet. In 1954 Japan's exports will approach 300 million square feet. The production of plywood in Japan has increased from 800 million square feet in 1952 to 1,400 million square feet in 1954.

Japan has almost doubled its production of hardwood plywood in a 2-year period. It is now quite capable of dumping sufficient plywood into the United States market to break the market and destroy the American industry. What are our obligations to the Japanese? Does the requirement that we trade with Japan mean that Japan is to be encouraged to double its production of a product at the expense of the American manufacturers? The overexpansion of plywood production in Japan can be attributed to the reduction in our tariff. Our trade policy has encouraged the Japanese to overexpand and permits the dumping of the surplus into the American market. The tariff laws of the United States should be written so that foreign countries may not expand production at the expense of American industry.

Other countries, parties to trade agreements, do not accept the view of our executive branch that Japan must have special consideration in order to trade. In 1952 the Japanese flooded the Australian market with plywood, priced at less than the sale price of the Australian product. Forty million square feet of Japanese plywood entered Australia in the first 6 months of 1952. Australia took action, it increased the duty on plywood and imposed import restrictions. The result, in the first 6 months of 1953, only 120,000 square feet of plywood was admitted and Australia has not permitted that rate to be increased. Nevertheless, the Australians are presently considering increasing the duty on plywood from 57 to 83 percent ad valorem.

In January of this year, the English announced that they, too, were considering increasing the duty on hardwood plywood. The English manufacturers of hardwood plywood will have their interests protected.

These actions emanate from the unfair competitive prices of the Japanese plywood. The difference between our executive branch and that of foreign countries is that foreign manufacturers are able to prevail upon their governments to take prompt action to protect their industries. A means should be provided for similar action on behalf of American industry through an independent agency not subject to the pressures of foreign politicians.

The Hardwood Plywood Institute member companies are not opposed to foreign trade but they are opposed to unfair competition from imported products. Unfair competition results from uneconomic pricing, a practice of some foreign countries, where low wages provide a low unit cost. American plywood cannot fairly compete with foreign plywoods, the unit labor cost of which is from one-eighth to one-third of the unit labor cost of American plywood. To permit low labor cost products to enter the United States without quota restrictions or a duty to bring the sale price within the competitive range of the price required by the American manufacturers to continue in business, is an open invitation to foreign producers to dump their surplus production into the United States markets. The increase in shipments of plywood by Japan and Finland are illustrations of this situation.

Mr. Chairman, the laws of our country protect American business from unfair competition. The recent suggestion of the Attornel General to strengthen those laws indicates the importance of the principle of fair competition to our national welfare. These principles apply to American manufacturers and should be applied to foreign manufacturers exporting to the United States. Fair competition can be established by assessing a duty on imported products based on the relation of foreign costs to the American costs for a like or comparable product.

Legislation should be enacted providing duties which will equalize the costs of an efficient American manufacturer with its foreign counterpart.

Secretary Dulles in his statement to the House Ways and Means Committee stated that the United States is a low tariff country. The contention that the United States must lead the way by making further concessions means that we put on the block some of our industries and the jobs of their workers, in the naive hope that foreign countries will make similar sacrifices. The United States has entered into several alleged reciprocal trade agreements in the past decade, an examination of these agreements indicate that the foreign signatories maintained their right to raise duties, impose quotas and import licenses. Under the favored nation provision low labor cost countries have been the principal

beneficiaries of concessions granted to countries having labor costs comparable to the labor costs of American producers. A case in point is the concession granted at Torquay in 1950 on "Other" plywood of which Japan is the principal beneficiary. The favored nation provision frequently operates to the detriment of American manufacturers. Legislation basing tariffs on equalization of costs would correct the faults of the favored nation provision.

H. R. 1 will grant the President unlimited power to enter into trade agreements concerning customs, quotas, and other matters related to trade. If this law is enacted, every phase of trade will be controlled by trade agreements, so long as such agreements do not conflict with existing laws. Congress will have surrendered its authority to enact laws which conflict with a trade agreement. The President without authority contracted away the authority of Congress to establish quotas on manufactured products. If H. R. 1 becomes the law this contract will become legal.

We do not believe it wise for the Congress to divest itself of its authority to control tariffs, quotas, and customs regulations. Congress is the servant of the people and must retain the power to act for the people. We do not believe that one man is more capable than Congress in decisions on injury to our people.

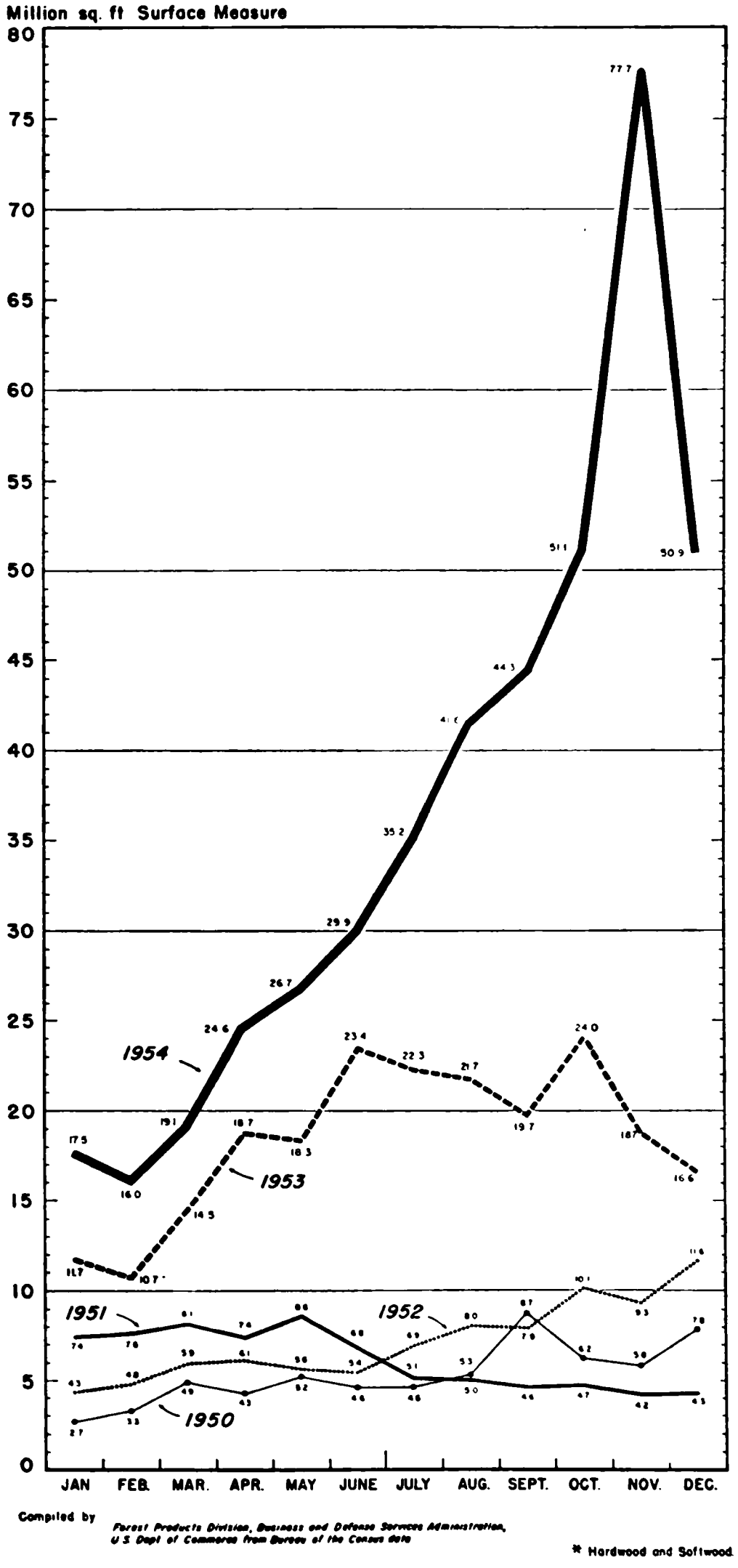
The proponents of H. R. 1 have stated that the retention of H. R. 1 of the peril-point and escape-clause provisions provides adequate protection for American industry. In cases arising under either provision the Tariff Commission makes recommendations which the President can decline. These provisions afford little protection to American industry so long as the President can refuse, for reasons sufficient unto the executive branch to accept the recommendations of the Tariff Commission. The record shows that the President has refused in 2 out of 3 cases to accept the factual findings of the Commission. If a product is proposed for negotiation, the President decides whether to include it. Once that decision is made a course has been laid. The peril-point and escape-clause provisions must be strengthened so that the Tariff Commission can make decisions subject only to the disapproval of Congress. It is also suggested that the criteria for establishing damage or threat of injury be amended to provide for consideration on a product line basis rather than on an industry basis. The Tariff Commission should be authorized to grant increases or decreases of duty and the imposition or removal of quotas when required to prevent damage to American industry.

Mr. Chairman, we believe that the facts we have presented in this statement establish that our concern about this act is genuine. The are other industries whose plights are similar and if a law is passed which does not provide adequate and fair protection to American industry there will be many more, especially small business concerns.

We believe that our industry is an essential cog in our economy. Our product is essential to the production of many products required by our people. Employment of our workers and those indirectly dependent on our industry for employment is essential to the national welfare. We frankly and honestly state that the maintenance of jobs for our employees is more important to us than the creation of jobs for foreign workers. Our workers are our people and as such they have the first call on our services and our loyalty. The prosperity of our country must be our first consideration.

Our statement has been confined to the import problem as it affects our industry and H. R. 1. There is other legislation before Congress which cannot be ignored in the consideration of the purposes of H. R. 1. We refer to the proposals to increase the minimum wage. The announced purpose of H. R. 1 is to grant tariff and other trade concessions to foreign countries. It is proposed by the administration that the minimum wage be increased 20 percent. Our industry does not oppose high wages where wages are related to productivity. A higher minimum wage increases wages across the board as differentials must be maintained. The increase of the minimum wage will increase the labor cost of production of domesic hardwood plywood from 14 to 18 percent in certain States. The ability of many American hardwood plywood manufacturers to compete with cheap imports will be materially lessened. We believe that Congress should consider the effect of the increase in minimum wages on the costs of American manufacturers before reaching a decision on the enactment of legislation which contemplates additional concessions to low cost foreign manufacturers.

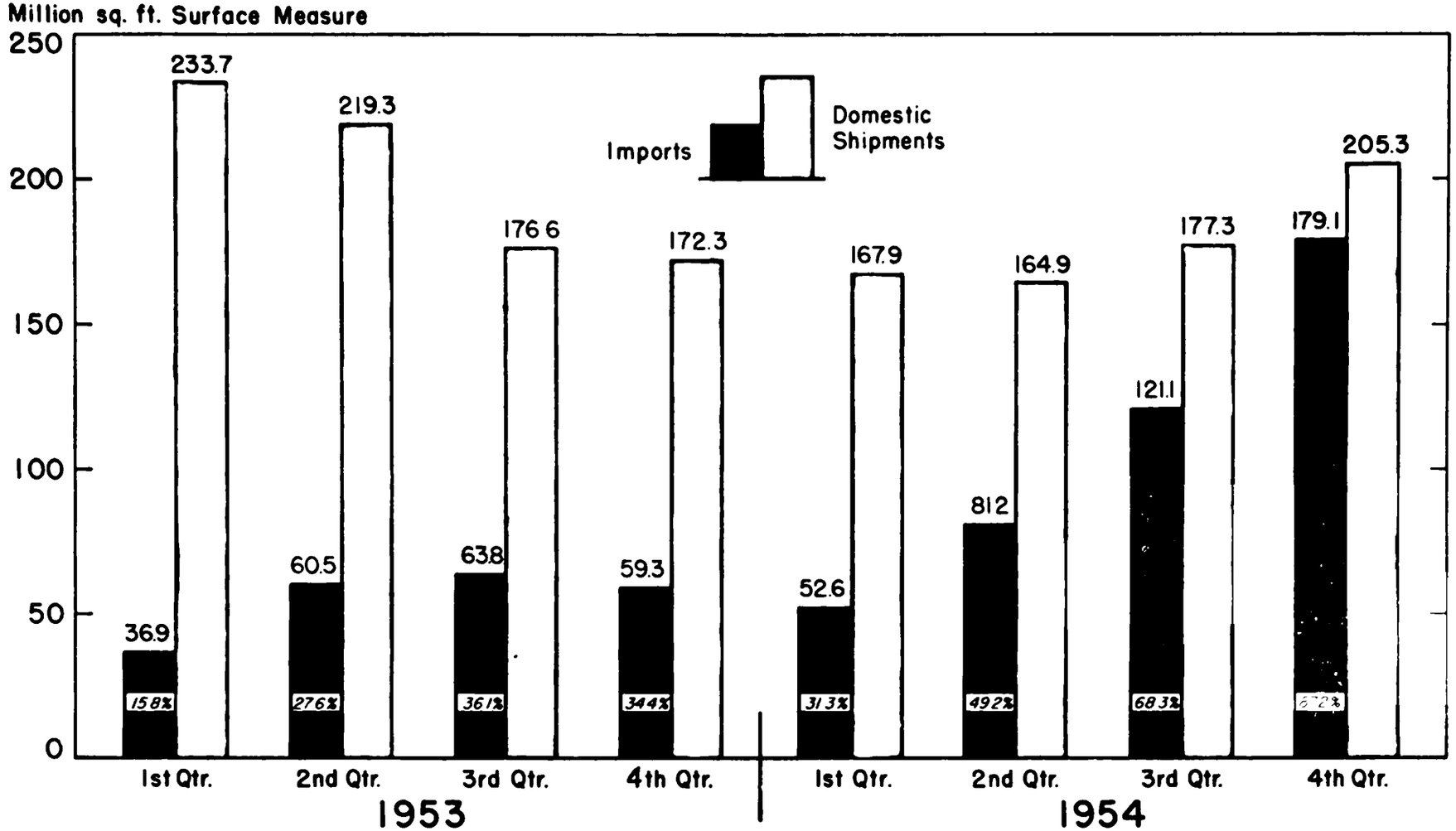
UNITED STATES PLYWOOD IMPORTS* 1950-1954, BY MONTHS



Compiled by *Forest Products Division, Business and Defense Services Administration, U.S. Dept of Commerce from Bureau of the Census data*

* Hardwood and Softwood

MARKET HARDWOOD PLYWOOD SHIPMENTS AND IMPORTS,* 1953 AND 1954, BY QUARTERS, AND RATIO OF IMPORTS TO DOMESTIC SHIPMENTS



Compiled by Forest Products Division, Business and Defense Services Administration, U. S. Department of Commerce from Bureau of the Census data

* Hardwood and Softwood

STATEMENT OF PETER E. TERZICK, EDITOR, THE CARPENTER, OFFICIAL PUBLICATION OF THE UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

To the thousands of members of the United Brotherhood of Carpenters and Joiners of America who earn their living directly or indirectly in the American plywood industry, tariffs are of more than academic interest. Tariffs have become meat on the table and shoes on the kids—or rather, the absence of realistic tariffs has posed a growing threat of no meat and no shoes.

Since the end of World War II, a great transformation has taken place in the industrial capacity of the world. Largely with American aid dollars, a good deal of the world has been industrialized to a high degree. Japan is a notable example. Machinery and techniques and know-how equal to anything we possess in America have been exported to Japan. The Japanese have capitalized on them to the fullest degree. The old myth that American machinery and American know-how could outproduce the rest of the world has long since been exploded. In the era when American machines were competing against Japanese hand labor, there may have been some substance to the myth. But in this day and age, when Japanese are using the same technique and machines as Americans, it is foolish to ascribe any miraculous advantages to American productivity.

Nowhere is this better exemplified than in the plywood industry. From a handful of obsolete mills in 1940, Japan has grown to the point where some 265 modern mills are operating in the island empire at the present time. These mills have the capacity to fill all of Japan's plywood needs and still provide enough export volume to fill the entire needs of the United States as well.

With a wage scale of 11 cents per hour, the Japanese manufacturers can dispose of their excess on the American market at a price considerably lower than the actual production costs of American mills, despite added shipping costs, and the totally inadequate duty that exists at the present time.

In view of the fact that Japan can fill all her needs for plywood and all American needs as well, the figures of recent exports of Japanese plywood to the United States are significant.

In 1953, Japan sold in the United States some 106 million square feet of plywood. This represented an increase of 511 percent over 1952 figures. Preliminary estimates indicate that the sales of Japanese plywood in this country will run nearly 3 times higher in 1954 than they did in 1953.

From the foregoing it is easy to see that Japanese plywood is rapidly usurping the American market. From 1950 to 1952 the process was a gradual one. In the last 2 years it has grown at an alarming rate. Month by month, the invasion of Japanese plywood is eroding away the domestic market for plywood.

Another significant factor is reflected in the fact that the average declared value of Japanese plywood was decreasing at a very time when inflation was a matter of great concern to the Japanese economy. In 1951, the declared value was $79.46. But despite the fact inflation was growing in Japan all through 1951, 1952, and 1953, the declared value in 1953 was $65.40 a drop of $14.06 in cash, or a decrease of 17.7 percent.

This decline in declared valuation did not stem from any deterioration in the quality or grades of Japanese plywood. Rather, Japanese plywood has improved consistently ever since the end of the war. The paradoxical phenomenon undoubtedly stems from some sort of favorable dollar exchange arrangement worked out by the Japanese Government which, in substance, gives Japanese plywood exporters a sort of hidden subsidy.

In view of all these facts, Japanese exports of plywood to the United States can be expected to usurp greater and greater portions of the American market. Considering these facts, how can it be otherwise?

1. Japanese plywood mills have all the technological advantages American mills have. In fact, most Japanese mills have been built in the last 10 years, which means they are modern: whereas some American mills still have been unable to take advantage of all technological developments of the past decade.

2. Japanese plywood workers earn only from one-tenth to one-twentieth of what American workers do.

3. Even adding shipping costs and present tariff tolls, Japanese plywood can be laid down on west coast docks at considerably less than actual production costs for United States mills.

4. There is more than a suspicion that some sort of a disguised subsidy arrangement exists between the Government and plywood producers based on dollar exchange advantages.

Unless a more realistic tariff policy is adopted for plywood, the American plywood industry faces ultimate disaster. In the past 3 years Australia has recognized the threat that low-wage Japanese plywood poses for its domestic industry. In 1952, the Australians increased their duty on Japanese plywood substantially. Right now they are considering a further increase. In January of this year, England announced that it was also considering an increase in duty on foreign plywood.

Lest it be assumed that Japanese plywood is merely nibbling at the American market, it should be pointed out that Japanese plywood is right now hogging nearly one-half of the domestic market for hardwood plywood. In the first quarter of 1953, domestic hardwood plywood accounted for 86 percent of the domestic market, while Japanese hardwood plywood supplied the rest. By contrast, in the third quarter of 1953, domestic mills were supplying only 59 percent of the domestic market while the Japanese product was taking care of the other 41 percent. Since the end of 1953, the flood of Japanese imports has grown faster than ever, so that today the Japanese may be handling more than half of the market.

What has this meant to the hardwood plywood industry? It has meant a 20 percent reduction in work force between January 1953, and December 1954. It has meant a 26.8 percent reduction in hours worked during the same period. Unless something is done to wipe out the glaring inequities which force the American plywood worker to compete with 11-cent-an-hour labor in Japan, the American hardwood plywood industry is destined to become a rapidly dying industry.

Whatever help we can extend to the world still outside the Soviet orbit we must extend with a generous hand. But never at the expense of our own strength or prosperity. First and foremost we must maintain our industrial and economic strength at the maximum. If we do so, we can then help our friends. But if we weaken ourselves; if we allow unemployment and depression to stalk our land, we can help neither ourselves nor our friends.

By condemning American plywood workers to walk the streets in idleness while Japanese workers turn our plywood for 11 cents an hour is doing little to stop the spread of communism. In that direction lies no strength for the free world.

In principle, we are heartily in accord with the President's reciprocal trade program. Increased trade between nations of the free world is a highly desirable end. America has already done much to eliminate barriers which stand in the way of freer flow of goods from nation to nation. We have been by far the most generous in reducing tariffs and making concessions to facilitate trading. There are areas in which we can probably do more. A continuing study of the problem must be kept alive.

However, girding of foreign economics must not be undertaken at the expense of our own prosperity. While the reciprocal trade legislation contains protective devices which are ostensibly designed to prevent undue hardship in particular industries, the mechanics involved are so slow and so cumbersome, untold damage can accrue to an industry before relief is obtainable.

The plywood industry is a case in point. Ever since 1950, foreign plywood—particularly that made in Japan—has usurped ever greater percentages of the domestic market. The peril point has long since been reached, but as yet no relief has been forthcoming. If relief is not forthcoming soon, the domestic plywood industry, one of the major props of our war effort during World War II, will face permanent disaster.

Under the circumstances, tariff relief is overdue for plywood and such allied products as doors. We do not advocate the elimination of plywood imports, but we do advocate a tariff schedule that will bring foreign plywood prices more closely into line with actual domestic production costs. To think of reducing plywood tariffs still further is plain suicide for a major American industry.

High living standards are recognized by both Federal and State governments as the main bulwark of our whole economy. We have Fair Labor Standards Acts and Walsh-Healey Acts and Davis-Bacon Acts to protect the wages and working conditions of our people. We have State laws designed to accomplish the same ends. If an American decides to enter the plywood business, he must pay a minimum wage of 75 cents per hour if he wants his products to move in interstate commerce. But we have set up no standards which foreign manufacturers must meet.

For the sake of our national safety, we must not allow our domestic plywood industry to wither on the vine. World War II proved that plywood is too vital a war material.

For the sake of our national prosperity, too, a $300 million industry cannot be allowed to fall into doldrums. Thousands of jobs are involved.

For all these reasons, we urgently request that plywood tariffs be revised upward sufficiently to narrow the gap between foreign costs and domestic costs. To contemplate reducing tariffs on plywood and allied products still further is sheer folly.

THE MARITIME ASSOCIATION OF THE PORT OF NEW YORK,
New York N. Y., March 11, 1955.

Re H. R. 1 and proposed amendment limiting importation of petroleum.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The Maritime Association of the Port of New York, a trade organization comprised of approximately 1,400 members who are engaged in every phase of the maritime industry at the Port of New York, wishes to be recorded in favor of H. R. 1, which would extend the authority of the President to enter into trade agreements. On behalf of our association, we further respectfully submit that any arbitrary limitation of essential commodities, such as offered by the proposal to restrict the importation of petroleum, would constitute a serious impairment of the benefits provided by H. R. 1.

Inasmuch as our membership embraces practically every major shipping company doing business in the Port of New York, as well as those in intraharbor auxiliary marine operations, we desire to be recorded as being most strenuously opposed to the Neely amendment to the reciprocal trade bill, which would place a most drastic and arbitrary limit on the importation of fuel oil, which is so vitally needed for the operation of our American merchant marine.

We believe it is a matter of noncontroversial record that the total available supply of domestic refinery productions of heavy fuel oil is steadily declining and, accordingly, the basic interests of our national defense should dictate a policy of conservation for times of extreme emergency. We respectfully submit, on behalf of those whom we represent, that the arbitrary curtailment of fuel-oil supplies would, because of the increasing shortage of domestic supplies, lead to an incalculable increase in the cost of fuel oil, which is so vital to our merchant marine.

In conclusion, we respectfully submit that any and all amendments which would impair the effectiveness and basic concepts guiding our national policy, as proposed and contained in H. R. 1, should be rejected.

Yours very truly,

WILLIAM F. GIESEN,
General Manager and Counsel.

MARCH 10, 1955.

SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.
(Attention: Mrs. Elizabeth Springer. Re Extension of Trade Agreements Act.)

GENTLEMEN: We are a small chemical company manufacturing napthols at Ridgefield, N. J., and employ 85 people. We have experienced firsthand the disastrous effects of tariff reductions and are threatened with extinction as a naphthols manufacturer. The following information is not theoretical but an actual case history.

In 1951 pursuant to the Reciprocal Trade Agreements Act the tariff on naphthols was cut 50 percent or from 40 percent ad valorem plus 7 cents per pound to 20 percent ad valorem plus 3½ cents per pound (the maximum legal reduction permitted by law). The immediate effect was to cause the United States price for naphthols to drop, thereby cutting profit margins. Volume was not immediately affected because European chemical companies did not at that time have the capacity to export substantial quantities to the United States. European manufacturers concentrated at first on taking over foreign business and our company was quickly squeezed out of all foreign markets. Our foreign business, which at one time was of substantial volume, has been reduced to zero.

Today the capacity of European chemical plants has been expanded to the point where they can export tremendous quantities of naphthols to the United States

and we find, as an example, that naphthol AS (the largest used of the naphthol family) can be imported into the United States at less than $1.05 per pound (which includes approximately 32 cents per pound for tariff, freight, insurance, etc.), compared to United States average manufacturing costs of $1.20 to $1.30 per pound. The United States market price today for naphthol AS has been depressed by foreign competition to $1.18 per pound—less than our cost.

It is obvious that we cannot stay on in business if this situation continues, as our production consists almost 100 percent of the manufacture of naphthols, and we and other naphthol manufacturers are faced with the immediate threat of extinction. Therefore, we are opposed to any extension of the Trade Agreements Act, because our company and our workmen need more tariff protection, not less.

We are further opposed to extending the Trade Agreements Act because neither the present act nor the proposed extension of the act provide a practical remedy for aiding a company in distress. The peril clause and escape clause lack definite tests of application. We are informed that injury to an individual company such as ours is not injury to the industry; nor are there any clear tests short of bankruptcy of the meaning of "serious injury."

We can only survive if we are allowed to make a profit. The skills of our workmen, our plant, machinery, equipment and know-how are valuable to the United States, not only in peacetime but also in event of war. During World War II our plant was converted 100 percent to the war effort, with particular emphasis on the manufacture of napalm, the chemical used in fire bombs and flamethrowers.

Respectfully yours,

PFISTER CHEMICAL WORKS, INC.
ALBERT BENDELIUS, *Vice President.*

MARCH 11, 1955.

Re Hearings, H. R. 1.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
Senate Office Building, Washington, D. C.

DEAR SIR: The following presentation is made on behalf of the thread industry in the United States by the Thread Institute. Although we are not making a personal appearance we wish to present the following views and data to you and your committee for its proceedings in respect to H. R. 1.

The members of the thread industry deeply appreciate the high purposes and motives prompting the endeavors to increase our foreign trade and to aid our allies, but they are very apprehensive of the damaging results to American industry which would follow if H. R. 1 is enacted in its present form.

We therefore wish to go on record as being opposed to the enactment of H. R. 1, and herewith state in brief the reasons for our position.

We hereby also endorse the statement presented to your committee by the American Cotton Manufacturers Institute for the cotton textile industry, as to the general considerations affecting the respective branches of the industry. The following statement is intended to supply more specific data concerning the thread division of the industry.

THREAD INDUSTRY—COMPOSITION AND CAPACITY

The thread industry at present is composed of approximately 130 manufacturers with a total of 160 plants located mainly in small towns in over 20 States.

The Thread Institute is the organized trade association of thread manufacturers in the United States and its 64 member companies represent over 95 percent of the entire production of the thread industry.

The industry has produced in recent years an average of approximately 65 million pounds of thread. The capacity of American plants manufacturing cotton, linen, silk, rayon, and synthetic-thread products is more than sufficient to furnish the requirements of the American market. Any marked increase in imports of these products from any foreign countries would reduce the employment of American people and the industry as a whole would suffer in proportion.

The textile industry is worldwide, and the thread industry, as an essential branch of it, is also. Thread can be produced in many other countries at much lower costs than is possible in the United States, but the textile industry of

America, the Armed Forces, and the public, cannot do without thread, and they cannot afford to be the victims of foreign monopoly or whim.

IMPORTANCE OF TARIFF TO THE THREAD INDUSTRY AND THE PUBLIC

Tariff helps to maintain industries in the United States. Only while there are producers of a commodity in this country are prices in this market low and relatively stable. When the domestic producer is driven out of this market, then the foreign producers raise prices. It is a fallacy that tariffs mean higher prices in the long run. To the contrary, tariffs give the public the buying leverage they need to keep prices competitive and reasonable. Proponents of free trade argue that tariff protects industries which pay low wages. They say that any industry which is so inefficient as to be unable to compete with foreign producers without tariff should shift to other products. They seem to think that industries in America are expendable.

It should be noted that in industries such as thread, where there is a high percentage of labor in the cost, there is a constant threat from foreign producers who pay lower wages. A most important consideration is the great disparity in the wage rate paid to the American operatives and to those who work for foreign competing manufacturers. In every case, the wages paid in these countries have always been lower than those received by American operatives of comparable skill. In the case of France, for example, which is the leading foreign country manufacturing cottons for handwork, recent comparisons show that the United States wages are approximately six times those paid in the French industry. Tariff protection is vital, therefore, for the domestic thread manufacturing industry.

Textile technology is similar the world over. Similar textile machinery is available in all industrialized countries. Where there are more people employed abroad to produce a unit of standard goods than are employed in the United States for producing the same unit, it is usually because it is cheaper for them to hire people than to invest in machines. Conversely, our wages and the cost of hiring people are so high in the United States, that the incentive is much greater here to mechanize wherever possible. The problem in competition is not confined to wages nor to technology, but it is on the cost to produce in this country compared to that in other countries. The United States cannot afford to trade away its markets to help some producers while injuring other producers.

IMPORTANCE OF GEOGRAPHICAL DISTRIBUTION OF THE THREAD INDUSTRY

Many of the thread manufacturing establishments are located in small towns, where their economic importance is a vital factor. In addition to the manufacturing establishments, the industry maintains and operates many depots, branches, and warehouses in numerous cities and towns throughout the country.

Payrolls are the backbone of a community. The strength of our Nation resides in the communities scattered all over the country. Therein lies the value of the thread industry and trade in the Nation's economy, providing, as it does, payrolls in communities, large and small, distributed over the country.

PRODUCTS OF THE THREAD INDUSTRY AND EXISTING TARIFF RATES

The products of the thread industry may be divided into two general classes (*a*) sewing thread, and (*b*) threads for handwork. These threads are made of cotton, linen, silk, rayon, nylon, and other synthetic fibers.

The products manufactured by the thread industry are included in schedules 9, 10, 12, and 13 of the Tariff Act of 1930 (par. 902, 1004 (b), 1204, 1304); but at this time, as an illustration of how the present tariff system and the operation of the General Agreement on Tariffs and Trade proceedings have affected the thread industry, we wish to draw your particular attention to paragraph 902 which covers cotton sewing thread and cottons for handwork.

In the agreement negotiated at Geneva in 1947, the tariff rates for paragraph 902 on cotton sewing thread and crochet, darning, embroidery, and knitting cottons were reduced 50 percent, from one-half cent per 100 yards to one-fourth cent per 100 yards.

Imported cottons for handwork, mainly French, are sold in the United States under long-established trademarks and have a hold on the consumers of this country which dates back to the time, over 50 years ago, when the United States market of such handwork cottons was dominated by them and the American

manufacturers had not yet made any attempt, at least not in a large way, to supply this demand with American-made products.

That the above drastic reduction in the tariff has resulted in a market inroad on the American market in this class of product is seen in the following schedule:

Value of imports of cottons for handwork (crochet, darning and embroidery cottons)

1946	$261,651	1949	$49,762	1952	$772,382
1947	304,823	1950	743,179	1953	936,902
1948	437,720	1951	886,836	1954	(Not available)

Source: Foreign and Domestic Commerce of the U. S. Department of Commerce, Bureau of the Census: Report F. T. 110 U. S. General Imports of Merchandise.

It will be noted that the imports of cottons for handwork increased progressively immediately after the tariff was reduced by 50 percent, so that by 1953 the imports were almost 400 percent greater than for 1946.

The American manufacturers of cotton for handwork have shown great initiative during the past 40 years in developing business in this branch of the industry. They have spent hundreds of thousands of dollars in promoting the hand-needlecraft arts, whereas the French manufacturers have done little, if anything, in this respect. The American industry feels that it is entitled to hold its share of the business in view of the efforts exerted and the millions of dollars that have been invested by it in promotional activities.

PRODUCTS OF THE TEXTILE INDUSTRY AFFECTED BY H. R. 1

Ninety percent of the cotton-textile industry's production which is represented by items subject to negotiation at Geneva, would be affected by H. R. 1. These include most underwear, outerwear, house furnishings and linens, shoes, hats, bags, and similar apparel industries, all of which are customers of the thread industry. Thus a reduction in the output of textile finished-product manufacturers due to inroads made upon them by increased imports, would be immediately reflected in a corresponding reduction of domestic thread consumption.

Similarly, it is obvious that any reduction in the productive activities of the apparel industries in the United States would also reduce the markets of the United States machinery, chemical and any other supplier industries.

The cumulative effects of such inroads on our industry would be of substantial magnitude and have critical repercussions on this important segment of our economy in peacetime as well as under war conditions.

REASONS WHY THE THREAD INDUSTRY IS OPPOSED TO H. R. 1

In view of the above considerations, the thread industry is opposed to the enactment of H. R. 1 for the following reasons:

1. The general effect of H. R. 1 would be to greatly intensify the threat of damage to the entire textile and apparel industries. A new pattern of tariff making across the board is established, rather than reliance on rates as heretofore set, industry by industry.

2. The authorized 15 percent reductions over the next 3 years through trade agreements would begin with the rates existing on July 1, 1955. The rates are low now and with negotiations underway we cannot tell what the rates will be on that date. Imports from cheap-labor areas have already affected many of our industries, including the textile industries. Further reductions of rates that are already too low will cause additional injury.

3. H. R. 1 expressly permits negotiations in which the State Department will offer wholesale concessions in United States tariffs as a means of inducing 33 other countries to offer their markets to Japan. H. R. 1 breaks precedent with previous Trade Agreement Acts by singling out a particular country for a trade agreement making concessions for Japan's benefit, with no reciprocal concessions from third countries to the United States.

4. Its provisions are greatly dependent upon the outcome of several foreign trade negotiations in connection with the General Agreement on Tariffs and Trade and other trade agreements.

5. It permits the State Department to commit the United States to the General Agreement on Tariffs and Trade without submitting to Congress for ratification, any of its provisions relating to tariffs, import and export quotas, custom

formalities and other matters relating to trade, except "the organizational features of GATT."

6. It makes possible the continuation of the practice of the State Department negotiators ignoring the findings and recommendations of the Tariff Commission with respect to the peril points and escape clause in the tariff act.

AMENDMENTS TO H. R. 1 RECOMMENDED

If new stariff legislation is deemed necessary at all, the following amendatory provisions are recommended as absolutely essential:

1. The escape clause in the extension act of 1951 should be strengthened by making the findings of the Tariff Commission as to the existence of injury, final and binding on the President. Suitable and adequate criteria for the guidance of the Commission should be set forth in the law.

2. The fact that Congress, by adopting H. R. 1, is not approving or disapproving of GATT should be made clear.

3. The request that the President avoid the subdivision of classification categories in making concessions, should be eliminated. Classification categories within an industry are necessary in order to avoid rates which would be manifestly injurious to one branch of an industry and not to another.

4. The provision of the so-called Symington amendment of 1954 should be revised to require the President to restrict (by quota limitation or otherwise) imports which threaten production of chemicals, textiles, national resource commodities, and other commodities which are essential to national security.

5. Peril points established by the Tariff Commission should be made mandatory on the President, and he should be prohibited from reducing any import duty to a point below the peril point so established.

6. Any specific reference to Japan or any other country should be omitted.

CONCLUSION

Since tariff serves several constructive purposes, the rates of duty should be determined in the United States with the interests of this country in mind. In accordance with our Constitution, which provides for the fostering of United States trade, our tariff system and rates should be worked out through the Tariff Commission and the Congress. We recommend, therefore, the abolition of the General Agreement on Tariffs and Trade. Because of the complexity of American industry and trade, the study of commodities and the rates of duty, and recommendations, should be made through the Tariff Commission, which has been set up for that purpose. We are convinced that foreign countries would welcome the abolition of GATT. It is not wanted any more abroad than it is in the United States. It was originally accepted only because it appeared to be important to the United States Government and a condition to getting our aid.

Finally, we would strongly urge that the Congress established a policy which is constructive and broad. Such a policy should leave the tariff structure to Congress, rates of duty to the Tariff Commission, and business to business concerns. Such a policy should be for the general removal of the real restrictions to trade all over the world. It is well known that quotas, embargoes, exchange restrictions, and government trading by other countries must be modified before normal international trade can be restored. The policy of the United States should foster trade for the good of all producers and at the sacrifice of none.

Respectfully submitted.

THE THREAD INSTITUTE, INC.,
H. WICKLIFFE ROSE,
Chairman of Tariff Committee.

STATEMENT OF DONALD R. WADLE, MANAGING DIRECTOR, METAL LATH MANUFACTURERS ASSOCIATION

I am Donald R. Wadle. I am managing director of the Metal Lath Manufacturers Association, Engineers Building, Cleveland 14, Ohio, a trade association of the domestic manufacturers of metal lath and metal plastering accessories. I submit this statement on behalf of the members of the metal lath industry in opposition to portions of H. R. 1.

Metal lath and metal plastering accessories are used to provide a metal plaster base in the internal wall and ceiling construction and remodeling of buildings,

to provide a reinforcement and mechanical key for plaster. Some also serves as a base for stucco and as concrete slab reinforcement. Being highly fire resistive, and because its use results in a plastered surface that is more resilient and crack resistant, metal lath is a superior plaster base, used chiefly in public and semipublic buildings as distinguished from small inexpensive construction.

The domestic metal lath manufacturers are cognizant of and sympathetic with the broad basic objectives of the reciprocal trade agreements program. However, they consider the lack of reciprocity resulting from 20 years of delegated authority to the Executive to negotiate tariff concessions reason enough to stop and analyze the direction of that program, when it is proposed as in H. R. 1 that the Executive's tariff changing authority be extended and broadened. Reciprocal tariff concessions from abroad are notably lacking to date from this type of legislation, and the results of our already sharply reduced tariff rates under more normal competitive conditions can only now be appraised.

The Randall Commission's report, which H. R. 1 purports to implement, recognizes frankly that by any test that can be devised the United States is no longer among the higher tariff countries of the world, that international specialization of labor is impossible, that the trade agreements program has not been fully tested because its operations heretofore have been in periods of abnormal economic conditions, and that unilateral action by the United States will not solve the world trade problems.

In light of these facts and our now weakened trading position to obtain reciprocal tariff concessions, it is startling that H. R. 1 is now being advocated to give the Executive power for the next 3 years (3 years and 4 months from now)—

> to reduce all of our existing tariff rates across the board by 15 percent, in annual increments of 5 percent;
>
> to reduce to a ceiling of 50 percent ad valorem all of our tariff rates in excess thereof; and
>
> to reduce rates in effect January 1, 1945, by 50 percent on articles normally not imported or normally imported in negligible quantities only.

This is no simple extension of authority to the Executive along traditional lines. Rather, H. R. 1 authorizes new broad powers to reduce all tariff rates to a common ceiling and to reduce blanketly all or most such rates annually, in addition to changing other rates on many products. Such a new broad grant of authority can find no support in the argument that it will be used sparingly by this or any other administration.

The specific percentage limits on the proposed grant of tariff changing authority to the Executive were not explained by any of the voluminous testimony before the House Ways and Means Committee. No one has yet explained why 15 percent is an appropriate general reduction, why 50 percent ad valorem and not some other percentage should be the maximum ceiling on all our tariff rates, or how negligible imports are to be determined. These figures appear to have been pulled out of the air.

These broad powers to cut tariffs are made applicable by this act, not only to our tariff rates now in effect, but also to tariff rates which will be in effect on July 1, 1955, 4 months from now, which undoubtedly will have been already reduced in the trade-agreement negotiations now under way with respect to Japan, which will be extended automatically to the other known noncommunistic nations of the world. Thus, the limits to the Executive's power to change tariff rates under H. R. 1 cannot be known by anyone until next July 1, and in large part will be fixed by the Executive and not by Congress.

There is a complete lack of guideposts in H. R. 1 for the Executive in its exercise of these new broad powers to reduce tariff rates. The Executive, in exercising these broad powers, is not directed to consider the effect, on competition in United States markets between products of domestic and foreign origin, of the application to only domestic producers of our wage and hour, social security, farm-price support, and similar laws, the effect of each of which is to increase United States producers' costs. The Executive, in lowering our tariff rates by trade agreements, is not directed to distinguish between products and industries essential to our national security and those that are not. On these and other basic considerations in the setting of tariff rates, the Executive is left to exercise its own discretion. Viewed realistically, H. R. 1 constitutes a turning over to the Executive for 3 years of the constitutional power of Congress over tariff rates.

Although the 2d session of the 83d Congress in the Customs Simplification Act of 1954 directed the Tariff Commission to make a study of our tariff com-

modity classifications which is to be completed in less than a year and a half from now,[1] H. R. 1 would delegate tariff changing authority to the Executive for 3 years and 4 months from now, thereby effectively crippling congressional consideration of tariff commodity classifications upon receipt of the Tariff Commission's report. There can be no justification for such broad vague powers being frozen in the Executive for 3 years from next July 1.

There is also in H. R. 1 the broadest grant of authority over tariffs ever given to the Executive. While previous delegated authority to make trade agreements has been limited to changing tariff rates within prescribed limits, H. R. 1 would delegate additionally to the Executive broad power respecting new matters, including standards of treatment, quantitative import and export restrictions, customs formalities, and other matters relating to tariffs. The meaning of the excessively broad terms in this proposal is unknown. This was made emphatically clear by the distinguished ranking minority member of the House Ways and Means Committee when he told the House on February 17 that "Not a single Member of this House can say with any certainty what are the powers that H. R. 1 grants. Not a single Member of this House can say with any certainty what the ultimate effects of H. R. 1, if enacted, will be." These admittedly unknown effects cannot be avoided by the simple proviso that enactment of H. R. 1 would not constitute approval or disapproval by Congress of the organizational features of General Agreement on Tariffs and Trade. How about the substantive provisions of GATT, which are inferentially approved by the bill's failure to include a provision that enactment of H. R. 1 would not constitute approval or disapproval of GATT as a whole?

We are also gravely concerned over H. R. 1's failure to make the escape clause in fact an effective remedy against improvident tariff concessions, in view of past practice under it. It is incomprehensible that an expert bipartisan arm of Congress should make authoritative findings of fact with respect to the existence or threat of serious injury to domestic industry, resulting from increased imports caused by tariff concessions, only to be repeatedly ignored by the Executive. American industry, when thus seriously injured, is entitled to more than the present illusory remedy with no resort to any reviewing authority. We strongly urge your careful consideration of the amendment offered in the House by the Honorable Daniel Reed to correct this unjust anomaly. It is inconceivable that wholesale tariff concessions on literally thousands of articles could have caused serious injury to domestic industry with respect to only five such articles.

STATEMENT BY HENRY C. BALL, EXECUTIVE VICE PRESIDENT, TUFTED TEXTILE MANUFACTURERS ASSOCIATION, DALTON, GA.

The Tufted Textile Industry is an important segment of the great American textile industry. But its differences are as important as its similarities to, and ties with, the spinning and weaving and converting mills generally thought of when reference is made to the textile industry.

Tufting is a specialized, peculiarly American industry. Unlike the spinning frame or the loom, the tufting machine was invented and perfected by American inventors and mechanics. Our machinery and methods are entirely American in origin. Foreign tufting plants, operating in many parts of the world today, owe their machinery, production methods, and know-how to this country.

The tufting industry's total exports are a negligible fraction of the industry's production and an infinitesimal portion of this country's exports . Its imports of jute carpet backing, natural rubber, and increasing amounts of synthetic staple are many times the value of its exports. Our only exports are a small amount of specialized tufting machinery (made principally by half-a-dozen manufacturers in the Chattanooga, Tenn., area) and a limited amount of finished goods going principally to Canada. Currency and trade restrictions in most of the countries of the world make it virtually impossible for us to do any export business in consumer goods.

The tufting industry:

1. Has invented a machine that produces new products and lowers production costs of an age-old product (soft floor coverings),

2. Has given our production methods and American know-how to the world,

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[1] By August 30, 1956. See title I, ch. 1213, Public Law 768.

3. Is a good customer of friendly nations, buying millions of square yards of Indian and Pakistan jute woven in India, Scotland, and Western European countries; plus synthetic fibers and wool from other nations.

At the same time we find our own Government:

1. Has poured millions of dollars into other nations to help establish or to rebuild industries, including textiles,

2. Is urging an increase in minimum wage scales which inevitably will increase production costs, even though present average wage rates in the industry exceed the proposed new minimum,

3. Is proposing continuation of heavy income-tax rates which take half of profits, and

4. Is negotiating to reduce tariffs on the products we manufacture so that the foreign plants we have supplied with machinery and technical assistance can compete with us in the American market.

Would we be illogical if we wondered at times whose side our Government is on?

The tufting industry—we admit and would point out to you—is not suffering at this moment, as other segments of the textile industry are, from foreign competition in our domestic market. We submit, however, that this condition is temporary and is not likely to continue for the 3-year period for which it is proposed to extend the Reciprocal Trade Agreements Act.

The tufting industry does not have today the competition from foreign tufted soft floor covering producers that American woven carpet manufacturers have because the wide tufting machine and auxiliary processes in finishing and latexing are comparatively recent developments, perfected in this country since World War II. The first such machines went to domestic manufacturers. These wide machines—tufting seamless carpeting up to 18 feet in width at many times the speed of a loom and at a fraction of the cost of weaving—now are in production in foreign countries, more machines are on order, and foreign concerns have begun to manufacture their own tufting machines.

Practically all tufted carpeting is solid-color, straight-line production that can be made anywhere. Foreign countries produce the raw materials required: jute for backing, synthetic and natural fibers for pile, and latex for coating the back. There is no reason why they cannot be producing, within a short time, millions of square yards of tufted carpeting. The American market is the most attractive in the world. The supply lines are open—and our Government is inviting the world to come on in.

It is not likely that you will ask whether foreign manufacturers can undersell American firms. However, we cite below current prices in this country on jute backing produced in foreign countries compared with the same backing woven in the United States:

	Linear yard
12-foot 12½-ounce square yard jute woven in Scotland, India, and Western European countries	$1.53
12-foot 12½-ounce square yard jute spun and woven in the United States	2.14
12-foot 10-ounce square yard cotton woven in United States	1.85

It thus is readily apparent that foreign-manufactured backing used by the tufting industry can and does undersell the same goods spun and woven in the United States, because our labor costs are higher. It also undersells American cotton backing of lighter weight and has almost supplanted cotton backing in wide carpeting. Today there is an immediate market in the tufting industry for every yard of 9-, 12-, and 15-foot jute backing produced in the world.

Carpeting produced in foreign countries from foreign staples and foreign-made backing, with far lower labor costs, would have a tremendous price advantage over American goods in our domestic market unless there is a tariff rate to compensate for our higher labor and other production costs.

The United States apparently has realized after pouring billions into foreign aid that this country alone can not rehabilitate, feed, clothe, and build economies that will be self-supporting in all the free countries of the world. The tufted textile industry industry is sympathetic with all humanitarian aims. We believe this country should aid other countries, within limits of our capabilities, but we do not believe our economy will support continued direct aid on the scale advocated by some.

The plan to aid other countries by buying their goods is not new. It has been emphasized as a means of reducing direct aid. The plan, of course, is an old variation of "robbing Peter to pay Paul." We could, for example, take jobs from

American textile workers to provide jobs for foreign textile workers so they could buy products to provide jobs for American steel workers. In all such cases you may expect Peter to object to such robbery.

The tufted textile industry is familiar with the theories of the advocates of free trade and the arguments advanced by those who advocate methods to increase trade among the free nations. We agree that many of the theories are admirable, as theories. We also agree with the statement appearing on page 44 of the majority report of the Randall Commission, dated January 23, 1954. We quote:

"It is sufficient to say that, in our opinion free trade is not possible under the conditions facing the United States today."

We have found that to be true. Foreign tufting manufacturers—from Australia, from South Africa, from England, and from other parts of the world—are constantly visiting this country, seeking knowledge of current developments, processes, and technical assistance. They tell us frankly that they can get permits to purchase production machinery, but not a dollar for consumer goods produced by the tufting industry. Their markets are closed to us—our are open to them. Free trade is an ideal, not a fact.

The tufting industry agrees that this Nation should encourage trade. It is understandable that in any trade each participant should give something as a consideration. The Reciprocal Trade Agreements Act has been in effect for 20 years, since 1934. Unfortunately, our record as traders is not one we point to with pride. There were no David Harums on our team. We have been highly efficient in giving away advantages.

We quote from an article by John D. Morris in the New York Times of January 16, 1955:

"The Reciprocal Trade Agreements Act, revised from time to time, now limits the President's power to fix tariffs to a 50 percent range of 1945 rates. Most of this tariff-cutting power has been exhausted."

Now our traders want another 15 percent. What advantages can be shown for the tariff concessions already traded away. What can we expect if we grant another slice of concessions?

To return for a moment to the Randall Commission and the majority report, we quote from page 51:

" * * * the most important single element essential to the expansion of world trade and strengthening the free world is the maintenance of a strong and sound economy in the United States."

We endorse that statement, but we would add that the chipping away of the basic foundations of our most important industries—others as well as textiles—can result only in a weakened economy, a weakened Government, and eventual contraction of trade.

Our trading record has been such that the Congress in 1948 wrote into the Reciprocal Trade Agreement Act the peril-point clause, intended as a safeguard for American industry. There also is an escape clause in all our trade agreements. American industry approves of these measures. But, remembering past history, we are not convinced that these are or will be adequate safeguards. The textile industry remembers what Japan did to the American textile market in the 1930's.On January 24, 1955, the Japanese Exporters Association in Tokyo announced that Japan expects to export 50 million yards of cotton textiles to the United States in 1955. On the same day, in Bombay, India announced that 1954 exports placed India in second place, behind Japan but ahead of third-place United Kingdom, in the race for world cotton piece-goods trade.

And, on the same day, Japan's rug industry had two women touring the United States, giving demonstrations and drumming up trade for Japanese floor coverings.

If we cannot compete in the markets of the world, at least we would like to survive by selling our products in the domestic market.

The tufted-textile industry is fully aware of the dangers to it in the General Agreement on Tariffs and Trade. The Interdepartmental Committee on Trade Agreements in November issued formal notice of the intention of the United States Government to participate in reciprocal tariff negotiations involving Japan. GATT negotiations will begin in Switzerland next month. On the published list of items on which the United States stated its willingness to consider the granting of concessions were products competing with every product manufactured by the tufted-textile industry. Naturally, we, and many other industries and associations, appeared at the public hearings held by the United

States Tariff Commission in December to oppose further concessions on these items.

In conclusion, we would point out that the tufted-textile industry is scattered over the breadth of the country. We have producing plants in Alabama, Arkansas, Georgia, South Carolina, Florida, Illinois, New York, Pennsylvania, Tennessee, California, and in other States. The jobs of 25,000 workers, and of at least 25,000 others who supply materials to the industry, will be affected by tariff concessions.

Preliminary figures of the Bureau of the Census will show that, for the year July 1, 1953, to June 30, 1954, the industry used more than 150 million pounds of cotton yarns and greige goods. It used the production of more than 550,000 acres of cotton land. Figures on synthetic staple consumed by the industry will not be available until a little later, but the usage of synthetic yarns by the industry now exceeds that of cotton.

The tufted-textile industry is principally that of a convertor. Cotton raised in the United States and spun by cotton mills in the United States, is one of the largest fibers used in the industry. When you disturb by low tariffs the economic condition of this industry, you affect the cotton mills and the cotton growers, as well as all others in this country who supply the industry.

The net profits on sales in the industry have already reached a peril point. To quote Dun & Bradstreet's publication, Behind the Scenes of Business, 1952 edition, "The 5-year average 1947–51—Net profits on net sales for cotton goods converters, nonfactored, was 2.37 percent."

Tufted products produced in foreign countries up to the present time are inferior in quality to American products. If introduced into the American market, they would tend to establish a low-price base, which would have an insidious affect upon the industry's entire price structure and would seriously affect our domestic tufted industry.

When the basic price structure of retail merchandising of given products in the country is undermined, or there are depressed prices, it is then felt in the wage structure of an industry. There is then a lowering of basic standards in the industry to the point where the affected products in many cases are discontinued in the retail merchants' stores.

The tufted textile industry is now a large link in the economic structure of this country, and a most vital segment in the overall textile industry. Tufted textile products rank fourth in the use of cotton. In addition, it has played a major role in lifting the living standard in the American homes of all means.

We are opposed to any policy that jeopardizes that many American jobs, that much of American agriculture, and a $200 million segment of the American Textile industry. We sincerely believe that the continued granting of concessions under the Reciprocal Trade Agreements Act will place our industry in serious jeopardy.

LINDSAY RIPE OLIVE CO.,
Lindsay, Calif., March 10, 1955.

Re H. R. 1

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: The Lindsay Ripe Olive Co. is a farmers' cooperative association comprised of some 275 olive growers in the State of California and is the largest factor in the canned ripe olive industry in the United States. During the past 30 years olive growers in California have spent millions of dollars improving techniques of canning ripe olives, educating the American consumer to like and buy ripe olives, and for advertising and self-imposed quality controls. During the past 7 years the California olive growers and canners alike have operated under a California State marketing order to enhance and assure the economic position of each. This at a cost of several millions of dollars.

Several years ago the California olive growers and processors enjoyed a large and profitable business in processing and selling in the United States markets, the type of olice known as Spanish style olives, as well as the canned black ripe olives. However, due to exceedingly low labor costs in Spain the Spanish people are able to export and sell Spanish style olives in this country at prices far less than the California processors costs! As a result of this situation there are now very few Spanish style olives processed in the State of California. This has thrown a large portion of the olive crop into nonprofitable byproducts channels.

In order to try and solve this situation themselves without Government help, the California olive growers and canners banded together and spent millions of dollars to increase and sell a larger pack of canned ripe olives, as aforestated. However, another serious threat from abroad is again seen. During the past few months there have been offerings of canned ripe olives from Spain made in this country—a product heretofore only manufactured in the United States. Also, we are informed of large plantings of olives in Mexico, Argentina, and United States, and subsidized olive canneries in Greece and other European countries. The California olive industry cannot survive cheap imports!

The olive industry—growers and canners alike—have tried and will continue to try to help themselves, but cannot possibly survive in face of our Government's lowering of tariffs and encouragement of cheap labor manufactured products being imported into this country. It is not hard to see the impossibility of this all when one considers the production workers in America receive approximately $1.50–$1.90 per hour and the European's pay approximately 50 cents per 10-hour day.

You may be interested in a few facts concerning the industry. There are approximately 30,000 bearing acres of olives in the State. At present values, these properties are worth in the neighborhood of $35 million. Plant facilities to handle the crop might be replaced at around $15 million. It requires approximately $10 million in labor costs each year to take care of the crop in the groves, and to harvest, process, and sell it. The canner sales value of the pack amounts to around $20 million at the present level of approximately 2 million cases sold per year. These figures are sufficient to indicate our grave concern about the present trends.

It is for the above reasons why we would like to go on record as opposing H. R. 1. We know that we are only a small segment in the international scheme of things and someone has to be sacrificed, but to us it means our all and survival. Olives are not like a yearly crop such as corn, tobacco, peanuts, and wheat. It takes a large capital investment and 8 to 12 years time in which to bring an olive grove into production.

We would appreciate any suggestions that you may have in our problems—which are vital to us.

Respectfully yours,

THOS. H. READ, *General Manager.*

LOCAL UNION NO. 12610, DISTRICT 50,
UNITED MINE WORKERS OF AMERICA,
Nitro, W. Va., March 9, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SENATOR BYRD: Local 12610, District 50, United Mines Workers of America, vigorously protests the indiscriminate lowering of United States tariffs proposed in H. R. 1 on foreign-made goods and particularly on chemicals and allied products. We have given this proposal much study and feel strongly that the enactment of this bill would endanger the Nation's security and adversely affect untold numbers of workers, businesses and stockholders. The Kanawha Valley will be particularly vulnerable since its industrial activity is almost wholly in the chemical field. With the poor economic condition of our State at the present time, it would be disastrous to enact legislation which would damage this great chemical center.

There is every indication that foreign-made chemicals will definitely flood the United States market if additional tariff reductions are permitted. Chemical plants in foreign countries have been built largely with the American taxpayers' dollars and continued expansion in these countries will be almost sure to halt the expansion of our own industries which are so vital to the country's security and welfare in peace as well as in time of national emergency.

We in the chemical industries thrive on competition. However, it must be competition with companies who are governed by the same tax laws, wage and hour laws, etc. This is definitely not the case when it is necessary to compete with industries in the foreign countries where practices are permitted such as cartels, import quotas, licenses, etc. Even more important is the fact that wages in competing foreign countries are from 65 to 75 percent less than they are in this country.

We enjoy a standard of living in this country which we are eager to maintain and improve. Therefore, we can only strenuously oppose attempts by our own Congress to enact legislation resulting in substantially reduced employment and worsen rather than improve working conditions.

We ask that you do your utmost on this important issue and urge that you assist in every way possible in protecting and preserving the chemical industry so necessary to the preservation of our country.

Thank you for your help. Best wishes in your efforts.

Very truly yours,

TOM WALDORF, *President.*
GILBERT JIVIDEN,
Vice President.
HOWARD TONEY,
Financial Secretary.
H. O. LYONS,
Recording Secretary.

ORANGEBURG CHAMBER OF COMMERCE,
Orangeburg, S. C., March 9, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The board of directors of the Orangeburg Chamber of Commerce expresses concern over the present United States foreign trade and tariff program which will seriously affect Orangeburg's industries if the trend continues toward free trade. Our entire economy will suffer should our industries lose business or be forced to curtail their operation.

United States tariff regulations provide basic protection for industrial wages and our standard of living. In competition with foreign industries which use the same machinery and purchase raw materials at the same prices as American industry, our concerns find the wage cost as the only point of competition. American industrial employees face competition with Japan, for example, whose textile wages average 16 cents per hour and hardwood plywood wages average 11 cents per hour.

We appreciate the need for lower tariffs in some cases but we believe that American industry should be protected by giving the Tariff Commission the right of making conclusive decisions on tariffs except those affecting national defense.

We respectfully request your support of legislation which will protect Orangeburg's industries from the effect of imports. We particularly request that you support an amendment to H. R. 1 which will make the decision of the Tariff Commission on peril-point and escape-clause matters conclusive except for materials required for the national defense and of insufficient supply in the United States which we understand is now being considered by the Senate Finance Committee.

We believe this legislation will have an effect on 20 of the 26 industries in Orangeburg.

We appreciate your interest in our behalf.

Respectfully,

S. ERNIE WRIGHT, *Manager.*

THE GAERTNER SCIENTIFIC CORP.,
Chicago, Ill., March 14, 1955.

Hon. HARRY FLOOD BYRD,
United States Senate, Washington, D. C.

SIR: We are writing to you regarding H. R. 1, the bill providing for a 3-year extension of the Trade Agreements Act.

We ask you to oppose this bill unless some provision is incorporated to maintain or stockpile the skilled manpower in industries properly determined to be essential to the defense and security of our country. We will attempt to show briefly that the skilled manpower of our company and industry is essential to the security of the United States—that those skills cannot be picked up and laid down at will—that this essential industry should not be decimated or destroyed

by low-priced goods imported from countries with living standards that are far below that enjoyed and earned by our workers.

We are sure you are aware of the fact that the United States is already actually one of the lowest of the low-tariff nations.

Statistics also show the nations of the free world are making great strides toward and experiencing healthy economies even with our present tariff structure. It is evident, therefore, that additional reduction of tariffs, that will jeopardize our essential industries, certainly is not necessary. The enclosure is a specific proposal we would like you to study.

Our company designs, develops, and manufactures precision, scientific, optical, and measuring instruments. We are small, (125 employees), but one of the oldest and key companies in the vital scientific and optical instrument industry. (Most of the firms in this industry are small compared to the industrial giants of the mass production industries.) The enclosed Survey Bulletin will give you an idea of the specific type of instrumentation that we are talking about.

The essentiality of our industry has been proved by the reliance upon and contribution of scientific instrumentation to our victories in World Wars I and II; the subsequent Koreas; development of the highly technical weapons and defense armament typified by jet aircraft, A- and H-bombs; guided missiles, etc.; as well as the advances in the preservation of foods and the great strides in the medical field.

Without the instrumentation of our industry and the skilled manpower behind it, none of these things would have been possible.

This skilled manpower is absolutely necessary for the manufacture of scientific and optical instrumentation that is indispensable in our Government, industrial, and educational research laboratories—in quality control and inspection departments of our great mass production industries, whether their products be consumer goods or war material. Fire control instruments, missiles, jets, rockets, A- and H-bombs, tanks, food, medicine—all depend upon this skilled manpower.

When we are not actually at war, the market for such instrumentation is relatively small compared to the markets for mass produced consumer items and therefore any action that causes a reduction of this market has a direct adverse effect on the stability and in many cases the very existence of this vital industry. We refer specifically to the reduction of tariffs which always result in ever increasing importation of foreign instruments at prices far below the minimum necessary for us to maintain a healthy reliable industry.

The statement has been made that we should let these countries manufacture our instrumentation that can do so at the lowest cost for acceptacle quality. Wouldn't it be dangerous for us to be dependent upon such vital instrumentation from England, Switzerland, Germany, Japan and Italy, while our enemy is bombing and overrunning those factories thousands of miles from us? Any one who experienced the tremendous effort and money expended in expediting equipment from plant to plant only within our own borders during the wars, would realize the complete fallacy of such an argument.

Holding the line on tariffs, however, is not the complete answer. There must be a definite program to maintain and develop the skilled manpower of this industry by keeping these men occupied in the work of producing the items that we have shown are so important to our security. The skills of these optical workers and instrument makers are acquired over long years of apprenticeship and diligent application. These men are more often than not those who "love their work." There is a "touch" and "feel" about this type of work that cannot be turned on and off at will. It is maintained by continuous use and application. Consequently, it is not feasible to transfer these men to less demanding jobs, then expect them to switch back in time of emergency, and pick up where they left off.

The day an A- or H-bomb drops on its target in this country is not the time to begin training or retraining our essential skilled workers. They must be kept at peak efficiency constantly.

In summation, we again strongly urge you to insist upon and support Legislation that will provide for maintaining and stockpiling this skilled manpower. Possibly this can be by amendment to H. R. 1. We hope you will give our request serious and favorable consideration.

Very truly yours,

LYMAN W. HIGGINS,
Assistant to the President.

AMENDMENT TO PROTECT NATIONAL DEFENSE AND PUBLIC HEALTH

1. Whenever in any proceeding under section 7 it appears that the national defense, security or public health of the United States is or may be jeopardized by importations of any article or material into the United States, the Tariff Commission shall report such finding to the Defense Mobilization Board, or to such other agency as may be designated by the President.

2. The Defense Mobilization Board, or such other agency as may be designated by the President, shall promptly investigate the nature and extent of such actual or potential injury and shall submit its findings thereon, together with such recommendations as may be deemed necessary, to the President within 90 days after the date of such referral by the Commission. In determining whether or to what extent the security or public health of the United States is or may be injured, the Office of Defense Mobilization shall investigate, among other causes of injury, the extent to which loss of the domestic market for a product or service has resulted or will result in—

(*a*) loss of unique work skills deemed indispensable to the security of the United States;

(*b*) failure to develop or maintain domestic sources of raw materials considered of critical importance in time of war, and

(*c*) inability to construct or maintain manufacturing facilities for the production of articles or materials deemed essential in time of emergency.

3. In any proceeding in which the ODM shall find any such injury or threatened injury to the national defense or public health, it shall recommend to the President such remedies as it deems appropriate to reduce or eliminate such threat, including imposition of additional duties, use of import quotas, stockpiling, and other forms of Government procurement, including preferential treatment of domestic producers.

4. Without regard to any other provision of the Reciprocal Trade Agreement Act, the President should be authorized within the limits of this amendment and existing appropriations, to take such action as he deems necessary to protect the security and health of the United States.

UNITED STATES SENATE,
Washington, D. C., March 12, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: I am transmitting to the Senate Finance Committee petitions signed by more than 16,000 citizens of Amsterdam, N. Y., protesting any further reduction of tariff rates on machine made rugs and carpets.

On March 4, I inserted one of these petitions in the record. There is tragic unemployment in Amsterdam due in part to the fact that the Bigelow-Sanford Carpet Co. is moving to another State. The remaining carpet manufacturers in Amsterdam are faced with stiff competition from abroad.

I am deeply concerned over the impact of possible tariff reductions on this industry although I have always been in favor of the greatest possible expansion of trade consistent with our national interest.

I would ask that the Finance Committee examine the petitions and give all proper consideration to the situation described therein.

Yours very sincerely,

HERBERT H. LEHMAN.

CHAMBER OF COMMERCE

Amsterdam, N. Y.

We, the undersigned workers and residents of the city of Amsterdam, N. Y., and immediate vicinity, who are preponderantly dependent on our local manufacturers of machine-made rugs and carpets (Mohawk Carpet Mills, Inc., and Bigelow-Sanford Carpet Co., Inc.) do hereby respectfully petition United States Senators Herbert H. Lehman and Irving M. Ives; and Representative in Congress from the 32d Congressional District Bernard W. Kearney, to exert every effort to prevent any Federal legislation which would further reduce tariff rates on machine-made rugs and carpets.

Foreign, cheap-wage machine-made carpets are coming into the United States at the rate of 2,800,000 square yards a year.

For every yard of carpet imported, 1 hour's work is lost to an American workman.

Foreign imports meant loss in 1954 of 2,800,000 man-hours of work, or an average of almost 3 weeks' work for each of the 30,000 United States carpet workers. Lost wages of American workers curtailed purchasing power which affects all segments of the community.

Since 1946 annual rate of growth of imports of machine-made carpets and rugs has averaged 26 percent per year.

Average wage for industrial workers in Belgium, 48 cents an hour; in Britain, 47 cents; in France, 46 cents; and in Japan, 19 cents.

It is against such wage levels that many American industries—including carpet—are being forced to compete.

The carpet industry firmly believes in, and makes a considerable contribution to, world trade. The industry is a vital part of our economy and contributes to world trade through $100 million a year in imports of raw materials; which is a very large proportion for a $400 million a year industry. All wools used in carpets are imported.

The city of Amsterdam, N. Y., is now classified as a critical labor area. The reduction of tariff rates on machine-made rugs and carpets will further increase unemployment, and such reduction will in all probability destroy our only industry in the city of Amsterdam, N. Y.

We petition that, in any Trade Agreements Act that may be passed, such legislation contain a provision excluding machine-made carpets and rugs from further tariff reduction.

Francis McCarty, 63 Milton Avenue, February 2, 1955; Ellis L. Jacobson, 11 Van Dyke Avenue, February 4, 1955; Kenneth Fisher, 103 Henrietta Boulevard, February 4, 1955; Frank P. Quille, 298 E. M Street, February 4, 1955; Earl J. Cain, 14 Harvard Avenue; Leo Jurnsik, 22 Henrietta Boulevard, February 5, 1955; Joe Zauriza, 71 Frederick Street, February 5, 1955; Leo J. Motyl, 5 Hempton Street, February 6, 1955.

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
March 11, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Attached is a letter I received a few days ago from Tubbs Cordage Co., of Seattle, Wash. The company is much concerned over certain provisions in H. R. 1.

During World War II, the cordage industry was declared an activity essential to the national defense. The author of this letter is fearful that cordage manufacturers cannot remain in business if the authority granted the President in H. R. 1 is applied to their products. The president of the company, Mr. Fotheringham, proposes that there be included in H. R. 1 some amendments as safeguards against the possibility that an industry needed in wartime might be driven out of business through excessive imports.

I respectfully request that the committee consider this matter before H. R. 1 is reported. Thanks and kindest personal regards.

Sincerely,

WARREN G. MAGNUSON,
United States Senate.

TUBBS CORDAGE CO. OF WASHINGTON,
Seattle 11, Wash., March 2, 1955.

Senator WARREN G. MAGNUSON,
Washington, D. C.

DEAR SENATOR MAGNUSON: The attached copy of a brief filed with the Ways and Means Committee on H. R. 1 shows what can happen to even an essential defense industry as a result of unrestricted imports.

The brief points out that H. R. 1, as a practical matter, nullifies the escape-clause procedure as far as our industry is concerned. It also demonstrates the need for an amendment to existing law which would require the Tariff Commission and executive branch to give special consideration to essential defense industries seeking relief from imports. Such an amendment is in line with existing law which prohibits the President from granting tariff concessions where they would injure essential defense industries.

This point was made by many defense industries in the proceedings before the Ways and Means Committee. This committee, on page 44 of its report (House Report No. 30), avoided reference to the question and stated that the law already protects defense industries against reduction in tariffs although it is clear from the record that we were not talking about protection against further tariff reductions. We are talking about situations where as a result of concessions already made imports have increased to the point where capacity to produce essential materials, such as rope, baler twine, and binder twine is in danger of being lost. As the matter now stands, the Tariff Commission considers only the economic situation of an industry in passing on escape-clause applications. We believe that an amendment to H. R. 1 requiring the Tariff Commission in passing on escape-clause applications to give special consideration to industries found essential to defense by the President is absolutely necessary to assure the preservation of a reasonable mobilization base. It is also necessary that this policy be clearly stated by the Congress so that the other nations of the world with whom we trade will be put on notice of our determination to maintain ourselves as an arsenal of democracy. In this way we will eliminate the misunderstanding which has given rise to the hue and cry and much adverse publicity abroad resulting from the decision in the watch case. Further, such a provision would require the executive branch to establish sound administrative procedures which do not now exist for determining the defense status of industries.

As you will see from the table attached to the enclosed copy of our statement, imports of competitive products have increased from 14.8 percent of United States producers' sales in 1948 to 72.6 percent of such sales during the first 10 months of 1954. It is obvious from these statistics that the industry has been seriously affected. We have been planning to seek relief through an escape-clause application to the Tariff Commission. However, the limitations on the President's power to grant relief from imports, contained in section 3 of the bill, seriously prejudices our chances of success. Lines 4 to 7 on page 3 of the bill prohibit the President from granting relief in a manner inconsistent with existing legislation. Because baler twine is on the duty-free list we would be precluded from proceeding under the escape clause through the Tariff Commission for relief from imports of this commodity. Our recourse would be to Congress, but we would be required to proceed through the Tariff Commission for relief on binder twine and industrial wrapping twine. To have to follow two separate courses of action for relief on these similar materials would be a great hardship in that it would require the expenditure of considerable extra effort and money, and at the same time reduce our chances of success.

Lines 23 and 24 of page 3 prohibit the President from increasing by more than 50 percent any rate of duty existing on January 1, 1945. The duty on wrapping twine was originally 40 percent ad valorem. It is now 15 percent ad valorem. In January 1945 it was 20 percent ad valorem. This means that assuming that we are declared an essential defense industry the President could not increase the duty on wrapping twine to more than 30 percent ad valorem even though it could be found that this would not be sufficient to give the industry needed protection.

Binder twine is on the duty-free list. Lines 1 and 2 on page 4 of the bill, which prohibit the transfer of an article between the dutiable and free list might preclude the Tariff Commission or the President from granting relief from imports found to be necessary to preserve this essential defense industry.

An amendment to section 3 of the bill, excluding industries found essential to the defense by the President from the limitations on his authority to grant relief described above should be provided.

The amendments which we propose, as you will note, are all on the point of preservation of our mobilization base. The record of performance by the State Department and Tariff Cmmission in administering our tariff legislation shows beyond a shadow of a doubt that these amendments are necessary. We cannot understand why there should be any objection unless it would come

from persons who for reasons of their own resent any attempt on the part of the Congress to exercise its constitutional responsibility to provide for the national defense and to control domestic and foreign commerce.

I hope very much that you will agree with us, and lend us every assistance in obtaining the objectives set forth above.

Yours sincerely,

T. H. FOTHERINGHAM, *President.*

CALIFORNIA STATE LEGISLATIVE COMMITTEE,
ORDER OF RAILWAY CONDUCTORS OF AMERICA,
Dunsmuir, Calif., March 2, 1955.

Hon. WAYNE MORSE,
Senate Office Building, Washington, D. C.

DEAR MR. MORSE: On Friday, February 18, by a vote of 295 to 110, the House of Representatives passed H. R. 1. A bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930. At the time this measure passed the house. No provision was made to limit the importation of residual fuel oil.

This bill will come before the Senate for further action, and it is hoped that an amendment will be made to limit the importation of residual fuel oil. If this amendment is made, it should be high enough to shut off the flow of this type of fuel into this country.

During the past years, the amount of this type of fuel entering this country has increased by leaps and bounds. It is cheap fuel and it has caused coal mining to be curtailed. Mines have been closed because of this importation of cheap fuel. Its effect has been felt on the railroads that rely on coal hauling for a large part of their revenue. Miners who have been employed in coal mines have been laid off, and employees on railroads that have felt the effects of this type of fuel importation, have been laid off. Combine all this and it has caused untold injury to the economic structure of both industry and labor.

It is hoped that when this bill comes before the Senate, you will give your wholehearted support to an amendment that will curtail the importation of this type of cheap residual fuel.

Thanking you, and with kind personal regards and best wishes, I beg to remain,

Respectfully yours,

A. D. HURD, *Chairman.*

STATEMENT OF DONALD LINVILLE, EXECUTIVE SECRETARY, HARDBOARD ASSOCIATION

I am Donald Linville. I am executive secretary of the Hardboard Association, Chicago, Ill., a trade association of the domestic manufacturers of hardboard.[1] This statement is filed on behalf of the hardboard producers in the United States, in opposition to portions of H. R. 1.

Instead of being a conventional Trade Agreements Extension Act as its title suggests, H. R. 1 not only grants several types of new broad powers to the Executive, but does so in such a manner as to enable the Executive and not Congress to determine the scope of the delegated authority, raising serious constitutional as well as policy questions:

(1) H. R. 1 would grant the unprecedented power to the Executive of negotiating trade agreements not only relating to rates of duty as heretofore, but also to such matters as most-favored-nation standards, standards of nondiscriminatory treatment affecting international trade, quantitative import and export restrictions, customs formalities, and other matters relating to such trade—powers not recommended or considered by the Randall Commission. These new powers so sweeping as to have no precise or even general meaning, have no established meaning and involve new concepts.

They are supposedly to be justified as a reenactment of powers the State Department assumed it has had and has heretofore exercised. This alleged ground can only refer to GATT. On any such ostensible justification, enactment of such

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[1] Hardboard is simply a piece of tough dense wood taken apart and reformed mechanically into large wide boards for greater utility. Masonite Corp. first made hardboard in 1926. There are now 11 hardboard plants in this country, 65 others in 22 foreign countries.

vague powers would be a backhanded approval by Congress of that controversial, only provisionally accepted, international agreement, not only at the very time that GATT is being renegotiated at Geneva so that its form to be thus preratified is now unknown, but also in the face of numerous assurances that GATT would be presented to Congress subsequently in the renegotiated form.

That enactment of such new broad powers would not be a reenactment or extension of existing law but rather a preratification of a renegotiated GATT, or at the very least a highly equivocal step in connection with GATT, is not left to conjecture. The legislative history of H. R. 1 to date shows: (1) a voting down of the conventional clarifying proviso heretofore inserted in tariff legislation in recent years to the effect that enactment of the particular bill would not constitute congressional approval or disapproval of GATT as a whole, and (2) the insertion in its place of a narrowly phrased proviso limiting the reservation of congressional approval to only the organizational features of GATT. By basic principles of statutory construction, enactment of this limited proviso would by inference approve GATT's substantive features or the trade rules that would result from the very proposed powers.

Such unchanneled powers can find no support either in an executive department's unauthorized assumption of such powers, or in the Executive's assurance that such powers will be gradually or selectively used—Congress and not the Executive must circumscribe or delimit its delegated powers, both on constitutional and policy grounds. This section of the bill should be stricken in its entirety.

(2) H. R. 1 would destroy the underlying concept of reciprocity permeating all prior delegations of tariff agreement authority. Although a proposed grant of power to the Executive to make nonreciprocal or unilateral tariff-rate concessions was deleted from the bill in the House, H. R. 1 still contains an express grant of power to the Executive to commit this country in a trade agreement with one country (Japan) to grant concessions to unnamed third countries. This power is obviously designed to provide expanded export markets for Japanese products not only here but also in third countries. Existing sentiment for such a step should not obscure the fact, however, that it is a new departure, diametrically opposed to the act's stated purpose of "expanding foreign markets of the United States," and is therefore lacking in reciprocity.

(3) H. R. 1 would also grant new and broader powers to reduce tariff rates, which include: (*a*) across-the-board reductions of 15 percent in all rates of duty in effect on next July 1; (*b*) selective reductions of 50 percent below the January 1, 1945, rates on articles normally imported in negligible quantities; (*c*) reduction to a common 50 percent ad valorem ceiling of all rates now above that percentage; and (*d*) special reductions as to Japan, depending upon when a trade agreement with that country is made.

Not only are these specific percentages, the ceiling, and the new concept of negligible imports unexplained, but most of these powers are to be applied, not to present known rates, but to rates that will be in effect on next July 1, a significantly disturbing fact in view of the Japanese trade agreement negotiations now under way which are expected to be concluded with significant concessions prior to July 1. This again, would place the limits on the delegated authority largely with the Executive.

(4) There is also a decided lack of channelizing limits on the delegation of authority in H. R. 1 in other directions. It leaves the scope of the Executive's power to be fixed in its discretion—is entirely devoid of any benchmarks—as to such matters as national-security considerations, wage differentials here and abroad, other regulations of domestic industry not applicable to producers of imported goods, the effects of concessions on agriculture, small business, etc. It is equally barren of provisions designed to obtain reciprocal concessions from abroad, so noticeably lacking to date from this type legislation.

(5) Although paying lipservice to existing safeguards, H. R. 1 fails to recognize that neither the escape-clause or the peril-point provisions have achieved their intended end of protecting domestic workers and industries from serious injury resulting from imports. It fails to rectify the abuse of the Executive's present veto power over authoritative findings of the expert bipartisan arm of Congress. The correction to date of the effects of only five of the many thousands of tariff-rate concesisons heretofore made eloquently bespeaks a wholly ineffectual remedy. This deficiency, like the others, should not be frozen for 3 more years.

The unfortunate timing of congressional consideration of H. R. 1 heretofore noted, before completion of the Geneva renegotiation of GATT and the proposed

Japanese trade agreement, finds a counterpart in its excessive duration of 3 years. Quite apart from the proposed 3-year and 18-day period as such, H. R. 1 should not be so extended as to put it beyond Congress to consider, unfettered by then existing international agreements, the recommendations of the Tariff Commission as to new commodity classifications under Public Law 768, 83d Congress, which will be before Congress nearly 2 years before H. R. 1 would expire. These considerations of timing make unexplainable the unusual speed with which H. R. 1 has heretofore cleared the House.

NORTH CAROLINA FINISHING CO.,
Salisbury, N. C., March 9, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Finance Committee,
The United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The purpose of this letter is to call to your attention pertinent facts regarding the textile industry in connection with the Reciprocal Trade Agreement Act which will come before your committee within the next few days. I hope you will see fit to use your great influence to protect the farmers, spinners, weavers, finishers, and garment makers whose livelihood is endangered.

There are approximately 2,570,000 people employed in manufacturing textiles and apparel products. This is more than 1 in 6 of the total employed in all manufacturing, and approximately 35 percent of all those engaged in nondurable manufacturing. These workers support the very large segment of our national population.

There are already idle American spindles and idle American workers while the Japanese are taking over our American market and undermining its price structure. These Japanese goods are made with labor which receives only a very small fraction of the American wage. The American textile wage is one of the lower wage rates in our country. Our industry is having a hard time of it because we are able to make reasonable profits. Assets in textile companies such as Cone & Stevens can be bought for 60 cents to 70 cents on the dollar, whereas the average of the other stocks on the New York Stock Exchange bring about $1.50 per dollar of assets. Textile assets are not undervalued. The industry has efficient plants and they are well managed and staffed with competent workers. The problem is that we have an overcapacity to produce. Hence capital seeks some other area for employment.

If these foreign goods were shut off, American spindles now idle would turn again and American unemployed would go back to work. The market for American cotton would be stimulated because the Japanese have found that price of American cotton is higher than that of Brazil, Mexico, and India. So Japan buys about two-thirds of her requirements from other countries. Thus the American farmer is hurt because he would get 100 percent of the cotton if the goods were made in American by Americans.

Why is it that American textiles cannot compete wiht Japanese textiles and the auto and steel industries can compete? The answer is simply that a high-labor country cannot compete with a low-labor country except where the raw material cost in the product is low and where the production requires a high capital investment per employee. Our raw material is cotton and we pay a price which is properly supported for the benefit of the farmer. The cost of the raw material quite often is more than half of the total cost of the gray cloth. Furthermore, according to Labor Department statistics it requires $5,378 of invested capital for a textile-products job, whereas in the petroleum and coal products industry, $90,425 is required. The only American industries which have a lower investment cost per job than textile products is lumber and leather where there is an abundant and comparatively cheap supply of raw materials.

A further increase in the amount of Japanese textile products imported into the country as a result of the passage of the proposed Reciprocal Trade Agreement Act would be a fatal blow to a large segment of our population. The blow would fall largely in low income per capita States where no other employment is available. We ask you to protect our economy and our jobs.

Very truly yours,

JULIAN ROBERTSON.

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D. C., March 15, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The Chamber of Commerce of the United States strongly supports the principles of H. R. 1 as it passed the House of Representatives and urges your committee to give it favorable consideration.

The chamber believes in the principles of the trade agreements program as a valuable mechanism for the selective adjustment of tariffs and the reduction of other barriers to world trade.

The bill, providing for a 3-year extension of the Trade Agreements Act with certain changed authority for making effective trade agreements, represents an appropriately cautious and gradual approach.

Careful analysis by your committee will show that H. R. 1 does not provide for wholesale new authority. It provides some added authority, it continues certain permissive authority, and, in many cases, it actually curtails some of the President's current authority.

By continuing necessary safeguards such as the escape clause procedure, and by carrying forward the principle of selective and gradual adjustment of tariffs after affording adequate opportunity for interested parties to be heard in support of or in opposition to contemplated tariff negotiations, the present bill is in the best interest of our domestic economy as well as the economic strength and vitality of the free world.

The abandonment or even serious cripping of the trade agreements program would be a serious setback to the leadership of the United States in helping to create a strong, free world economy. The trade agreements program is an expression of American faith in competition and free enterprise. It is also important in assuring our allies and friends that the United States has learned the lessons of the great depression and its trade wars, and that we will continue to provide leadership in maintaining healthy and mutually profitable world trade.

The bill to extend the Trade Agreements Act, H. R. 1, meets the criteria laid down in the most recent statement of the membership of the national chamber supporting the trade agreements program. That policy statement reads as follows:

"The chamber supports the continuation of a trade agreements program which provides the Government with adequate authority, exercised through the proper agencies for negotiation and administration, to make effective agreements for the selective adjustment of tariffs and the reduction of other barriers to world trade.

"Such legislation should provide safeguards for interested parties to be heard in support of, or in opposition to, contemplated and publicly announced negotiation. Moreover, this legislation should provide an escape clause permitting modification or withdrawal of concessions in order to deal with unforeseen developments seriously injurious to domestic producers.

"Unreasonable or unethical competition must not be the cause of serious injury to domestic producers, but the determination of injury due to imports should be judged in the light of the national interest."

You will find a more complete statement of the chamber's views in part 1, pages 670–674, of the printed hearings of the House Ways and Means Committee hearings on H. R. 1.

Within this framework, the national chamber urges the committee to give this bill favorable consideration.

I would appreciate it if you would make this letter a part of the record of your hearings on H. R. 1.

Cordially yours,

CLARENCE R. MILES.

THE OIL FORUM,
New York, N. Y., March 14, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: I am enclosing a copy of a letter that I sent today to an oilman in Tulsa who is very much disturbed over increasing petroleum im-

ports, as I believe you will find this letter informative in connections with your studies for bill H. R. 1.

Very sincerely yours,

T. ORCHARD LISLE, *Editorial Director.*

THE OIL FORUM,
New York, N. Y., March 14, 1955.

Mr. LLOYD FREESE,
Bell Oil & Gas Co.,
National Bank of Tulsa Building, Tulsa, Okla.

DEAR MR. FREESE: Your suggestion that the Oil Forum telegraph oil importers if and how they intend to comply with the President's Committee is very constructive, and I am taking up the question with our Fort Worth office, as this would be part of the editor's work.

It may not be possible for him, however, to do anything insofar as the April issue of the Oil Forum is concerned, as he is sweating blood trying to get the issue out early in order that 1,500 copies may be flown to New York for distribution among the 3,000 exploration experts attending the Oil Finders' convention at the Statler Hotel.

I consider that the oil import problem is one of the most difficult ever faced by the national and international petroleum industries. The fact that the Department of Justice refused to let the importers get together and arrive at an understanding, and that the Department also refuses to allow the independents and the majors to discuss oil imports across the table is the greatest obstacle to any satisfactory solution.

It is further aggravated by the fact that the Justice Department insists upon oil companies not now importing be allowed to import if they so desire. Therefore, if all existing importers cut down their imports, there is nothing to stop others from running total imports higher than they now are. In fact it would create a desirable situation for opportunists.

If the Government set an import limit of 10 percent of total domestic production, chaos may easily occur among present importers, because how can you apply such a regulation to existing importers if they cannot get together and agree as to how much each will continue to import? How are you going to differentiate between importers who have heavy investments abroad and importers who have no foreign production? This alone is something to think about. How are you going to be fair to those who already have made cuts?

Presuming that imports are cut substantially, domestic output of crude is sure to rise. Meanwhile, as the demand for foreign oil is reduced, so will companies with foreign production start to bring back their geologists, drillers, and production engineers and put them back to work in the United States of America. They have thousands of them engaged abroad, and I mean thousands.

Consequently, the domestic production of importing companies will also rise as production by independents will be rising simultaneously (if they can find a ready market for their crude), and the aggregate production will mount. Importers will then be importing 10 percent of the total domestic production quantity, which means that the supply may more than exceed the demand by a higher ratio than at present. What will then be the situation of the independents? They may be worse off than they now maintain they are.

The foregoing is only one side of the picture.

We cannot escape that the well-being of small and large domestic producing companies is only one aspect of the national picture, and therefore selfish, but understandably so, if a fight for existence or profit can be so termed. In the final analysis what is best for the entire Nation is the true answer to the current problem, even if some sections of the country are hurt.

For instance, we know that most of our Army, Air Force, and Navy is stationed abroad, and must be kept supplied with fuel from points where the shortest ocean voyage holds good; this because of the submarine menace in wartime. It is unthinkable that we should allow any danger of our boys abroad being caught short of aviation fuel, motor fuel, or naval boiler oil. Oil companies operating overseas must sell a substantial part of their production for dollars, or they cannot function abroad. The commercial supplies European consumption are sold for sterling.

Now we have dry-cargo and passenger ship owners maintaining that the American merchant marine, already in none too good a position, will be ruined if fuel-oil imports are limited by quota. This in turn will seriously affect the

domestic shipbuilding industry, which already is in a precarious state. If they shut down, and their skilled labor is dispersed to other industries, future naval ship construction will be jeopardized.

On the matter of the recommendations of the President's Committee, it has been pointed out that the importers who already have voluntarily made cuts will suffer unfairly if they comply with the recommendations.

To an extent I agree with your contentions on stockpiling, especially that the formula is one which receives widespread criticism; but if it is a bad policy to store oil underground, then it also is unsound to stockpile other critical minerals. Our Armed Forces are doing considerable amount of oil storage abroad, and even building products pipelines; but that is not enough because existing military bases may have to be abandoned suddenly and moved elsewhere, so we must be able to move oil on the high seas at all times.

My suggestion is to pay nonimporting producers of domestic oil to leave their excess oil in the ground where it now is, and in quantities equal to imports. In this way there will be no storage charges, but the surplus oil will belong to the Government for emergency uses.

You enclosed a clipping dealing with the annual report of the Standard Oil Co., Indiana, in which Chairman Robert E. Wilson points out the difficulties created for domestic companies by the accelerating rate of crude oil imports. But why does Indiana Standard's subsidiary and affiliated companies in the East continue to import substantial quantities?

Standard of Indian once owned big producing properties in Venezuela, and one of the world's largest oil refineries in Aruba. They did not close these down, but sold the properties for $150 million. Apparently that oil now is in competition with Indiana Standard's domestic products.

Mr. Freese, there are so many sides to the sixty-four dollar question that I could fill pages, and you could too. Unfortunately, no one has come up with a formula that is fair to everybody. Nobody has been able to get anyone else to agree what is the most desirable from every aspect; tonnage of oil imports every year from 1955 to 1966, and later. Who can be the judge? We must recognize the importance of tomorrow as well as today.

May I commend to your attention the editorial on page 332 of the October 1953 issue of the Oil Forum headed "Hovering Shadow of the Justice Department." I think that the recommendations made there were the most sensible and most constructive ever presented on the import problem. The fact that the Justice Department turned it down is all the reason for the entire petroleum industry to urge Congress modify the existing antitrust law so that such a meeting of major and independent concerns under the jurisdiction of the Government department listed to formulate voluntarily quotas could be legally held.

This is vastly different from requesting the Government to control any single phase of the oil business, and thus open the door widely to complete Federal control.

There is another matter to be borne in mind. This is the question of reserves, and potential capacities of undiscovered oilfields in the United States of America. To what extent we will be able to find and exploit them without raising the cost to the public to an almost prohibitive point.

Much is expected from the offshore areas. Just how far can oil companies go without heavy losses. They can't drill many dry holes in 50 to 100 feet of water, as the loss is too tremendous. Already more than $650 million has been spent in exploring and drilling, and the financial return has been but $110 million, or 10 percent.

Contrast this with the Persian Gulf. Arabian American Oil Co's. first offshore well discovered commercial oil. This makes operations attractive to any company. It is something to think over.

This correspondence we are having is most helpful, and I hope you will continue to give us the benefit of your opinion whenever you have time.

With best wishes,

Sincerely,

T. ORCHARD LISLE, *Editorial Director.*

NOTE.—What really counts is taking a step which will do the most good and least harm to the greatest number of people. This is what should be decided and acted upon. Surely we have sufficient brains and understanding in the oil industry and Government to figure this out.

STATEMENT OF THE BROOKLYN CHAMBER OF COMMERCE

There is now before your committee and at hearing H. R. 1, by Mr. Cooper. This measure has as its purpose the extension of the present Presidential authority to negotiate mutual tariff adjustments with friendly countries. The bill is cited as the "Trade Agreements Extension Act of 1955." As this matter is now at public hearing and as a record is being made, which will be used by the members of your committee in determining additions or modifications to the bill at the time of reporting the measure to the Senate of the Congress for action, the Brooklyn Chamber of Commerce respectfully requests that this, its statement, be included in the record of these public hearings.

This chamber favors the extension of the President's authority to negotiate tariff adjustments to the fullest extent possible without injury to the country's economical and industrial structures. It further feels that safeguards can be included in the bill which would easily afford adequate protection to these structures without affecting the reciprocal tariff adjustment capacity of the bill which is the basic purpose of the measure.

The original bill provided that the President should establish appropriate procedures to carry out the legislation. These procedures have been established.

They are roughly as follows: There is established a working advisory committee, consisting of representatives from the Departments of State, Treasury, Defense, Agriculture, Commerce, Labor, Interior, and a representative from the Tariff Commission and one from the Foreign Operations Administration. This is the Interdepartmental Committee on Trade Agreements. This committee selects and issues a list of commodities to be negotiated. At the same time the Committee for Reciprocal Information gives notice of public hearings on this list.

The chamber respectfully points out that while these committees have different names, they are actually the same committee and that the membership of the Committee for Reciprocal Information is the same as the membership of the Interdepartmental Committee on Trade Agreements. In other words the committee which selects and issues the list of commodities to be negotiated is also the committee which gives notice of and holds public hearings on these lists and comes to a decision on the same. It thus acts as judge, jury, and prosecutor.

This chamber does not believe this procedure to be in the public interest. With the work of the Interdepartmental Committee on Trade Agreements, it has no quarrel but the hearings on the selected list of commodities should be before an entirely different body and preferably before a creation of this Congress. It would seem the United States Tariff Commission would be the most suitable. Under the law this body is now required to determine the peril-point factor (sec. 3 (a) of the Trade Agreements Extension Act of 1951). Hearings are held on this matter and such hearings could easily be extended to cover the entire subject. Review of the findings of the Commission, if necessary, could easily be before an appropriate committee of the Congress. In any event the chamber is firmly of the opinion that the same committee should not be charged with the responsibility of selecting the commodities and passing upon the propriety of such selection.

The bill now before you provides for reductions based on the duties in effect at various times. See lines 1 and 2 at page 4 and line 9 of the same page to name two instances wherein the years 1945 and 1955 are used as the basic dates. It is quite possible that material reductions were made prior to 1945 and 1955 which were absorbed by the industry. Further reduction, even 5 percent below July 1, 1955, might result in injury. Therefore, this chamber urges that in the case of all reductions the tariff rates in effect at least as of January 1, 1936 be used as a basis, because this chamber feels that that date is much more realistic than either 1945 or 1955.

Section 5 gives authority for reduction of duty up to 50 percent on commodities imported in negligible quantities or not at all. Here the need for careful study is indicated. The duty may be the reason for the level of the imports. Take for example, the wooden lead pencil, particularly of the cheaper variety. There is practically no importation of this product. But competition on the world markets is very severe particularly in the lower price levels where foreign competition has closed these outlets to the American product. A 50 percent reduction on wooden lead pencils might well flood our markets with this cheap product. There is generally a very good reason for tariff duties and the background should be fully explored before a definite step is taken. Therefore, this chamber urges that provision be written into section 5 to the effect that no reductions be made until appropriate public hearings are held and the reason for

the present level of duties is thoroughly explored. The chamber further believes that these hearings should be before the United States Tariff Commission.

Unless the measure is modified to contain provisions which insure protection, such as outlined above, there will be a constant danger to our industry from improper application of the measure. It will be further noted that none of these suggested changes would in any way hamper the reciprocal tariff negotiation capacity of the measure, the basic purpose of the legislation.

STATEMENT BY BEN H. SCHULL, DIRECTOR, ILLINOIS DEPARTMENT OF MINES AND MINERALS, SPRINGFIELD, ILL.

My name is Ben H. Schull. I am director of the Illinois Department of Mines and Minerals, with offices in Springfield, Ill.

I have been advised that the schedule of witnesses for appearance on the trade agreements extension bill is so completely filled that I shall be unable to appear in person. It is my desire to submit this written statement containing my views on the bill with the hope that the Senate Finance Committee chairman will make it a part of the printed hearings. The following facts and statistics have been compiled by the department of mines and minerals on annual tonnages and employment figures, and show an alarming decrease in both tonnage and employment for the coal industry of the State of Illinois.

The Governor and the people of the State of Illinois are vitally concerned and extremely apprehensive about the chaotic condition in which the coal industry has drifted. Inasmuch as large segments of our population and industrial areas in this State are interested and engaged in the production of coal, it cannot be questioned but that the production of this natural resource is essential to the national security of our Nation. Coal is produced in 37 counties in the State of Illinois, 14 of which normally produce 1 to 3 million tons each year. Eleven of these fourteen counties have been vitally affected as a result of a curtailment of tonnages, due to the fact that some 80 to 90 percent of the business enterprises depend entirely on the welfare of the coal industry. It is in these 11 counties, which represent a total population of 761,000 people, where coal production has declined and as a result has left a deplorable condition.

The question of the coal industry's survival is at this time of utmost importance—one that is real and not imaginary—and not one that, if left alone, can be depended upon to take care of itself. Attached to this statement is a compilation of tonnage produced and miners employed in the coal-mining industry in Illinois for the period from 1950 to 1955, which shows an alarming decrease.

The critical condition of this industry can best be observed by the attached figures, compiled by the Division of Unemployment Compensation of the Illinois Department of Labor, which show the amount of unemployment compensation paid exclusively to unemployed miners over the same period of time. The counties most drastically affected by this situation are as follows: Christian, Franklin, Gallatin, Macoupin, Madison, Randolph, Saline, St. Clair, and Williamson. The division of unemployment compensation also conducted a thorough survey of unemployment compensation paid to residents of the southern Illinois coal-mining area since 1950. This survey included a total of the claims from 149 southern Illinois mines. The survey disclosed that most of these mines were idle because of shutdown orders attributable to lack of orders for coal. During the year 1954, there were 15,552 applicant claimants in southern Illinois alone.

The number of mines abandoned in the State of Illinois during the last decade is appalling. There have been few new mines sunk. The records show that the tonnage in the State during the last few years has declined very substantially. Should a national emergency arise or should a sudden demand occur for an increase in production of coal from the mines of this State, it could only be accomplished after new mines were sunk because most of the mines that have been abandoned or closed could not be immediately reopened for the purpose of producing coal because of flooded conditions, cave-ins, etc., which occur in mines which have been closed.

Tabulation of coal tonnage and number of employees, 5-year period

Year	Tons of coal mined	Number of employees
1950	57, 282, 303	31, 067
1951	54, 869, 679	29, 329
1952	45, 752, 588	23, 821
1953	45, 966, 114	18, 945
1954	41, 775, 752	16, 665

Report compiled by Division of Unemployment Compensation, Illinois Department of Labor, of unemployment benefits received by coal miners and their dependents in Christian, Franklin, Gallatin, Jackson, Macoupin, Madison, Perry, Randolph, Saline, St. Clair, and Williamson Counties

	Number of beneficiaries	Amount paid	Number of beneficiaries who exhausted their right to receive compensation
Apr. 1, 1949 through Mar. 31, 1950	11, 600	$2, 612, 400	1, 800
Apr. 1, 1950 through Mar. 31, 1951	9, 100	2, 113, 700	1, 800
Apr. 1, 1951 through Mar. 31, 1952	13, 700	3, 271, 300	1, 800
Apr. 1, 1952 through Mar. 31, 1953	13, 600	3, 281, 400	1, 900
Apr. 1, 1953 through Mar. 31, 1954	11, 400	3, 080, 400	1, 900
Apr. 1, 1954 through Feb. 28, 1955		3, 474, 800	2, 700

FAIRFIELD, ILL., *March 16, 1955.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

Respectfully urge you support reciprocal trade bill without crippling amendments. We consider trade bill vital for continued prosperity, this country and as bulwark against world communism. Especially request you oppose import quota amendment aimed at Venezuelan oil. Action against Venezuela economy would force them to Iron Curtain camp. Our company is sole industry in town of 7,800 employing 800 people and doing 25 percent of our business overseas. Multiply this by all industries selling overseas to get some idea of harmful repercussions of this restrictive legislation. In addition to economic hurt to both countries, the anti-United States propaganda value of such legislation immeasurable.

E. V. FRANKEL,
President, Airtex Products, Inc.

SAN FRANCISCO, CALIF., *March 16, 1955.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

The Canners League of California representing approximately 85 percent of the pack of canned fruits and vegetables in California in executive session passed a resolution in connection with consideration of H. R. 1, and would request that this statement and resolution be filed as part of the record of the hearing by your committee on this legislation. The resolution as adopted follows:

"Whereas export markets are of vital importance to the fruit and vegetable canning industry of California and the industry since its inception, has aggressively promoted the distribution of California canned fruits and vegetables throughout the world; and

"Whereas acreages of fruit and vegetables have been planted in California to support these markets and the present trade situation throughout the

world makes it difficult for the California fruit and vegetable canning industry to accomplish distribution in its historical markets: Therefore be it

"*Resolved*, That the United States should pursue a constructive and realistic tariff policy which will encourage the maximum flow of international trade and at the same time afford reasonable defense for American industry and agriculture against unfair competition from abroad; and be it further

"*Resolved*, That the President's proposals in the direction of stimulating foreign trade and reopening former markets for the sale of our agricultural products are to be commended and it is urged that the Congress support these proposals."

CANNERS LEAGUE OF CALIFORNIA,
M. A. CLEVENGER,
Executive Vice President.

HOOKER ELECTROCHEMICAL CO.,
Niagara Falls, N. Y., March 15, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: Under date of March 4 I respectfully requested permission to give oral testimony before the Senate Finance Committee in regard to H. R. 1. I have been advised by the chief clerk of the committee, however, that it has been necessary to refuse my request since the schedule of witnesses is completely filled.

Under the circumstances I am writing to advise that this company which is a member of the Synthetic Organic Chemical Manufacturers' Association concurs with the statement made by Mr. Samuel Lenher, president of the association, before the Senate Finance Committee regarding H. R. 1 on March 8, 1955, and we would be pleased to have this letter become a part of the record with respect to this matter.

Yours very truly,

R. W. HOOKER, *Vice President.*

PHARMA CHEMICAL CORP.,
Bayonne, N. J., March 15, 1955.

Hon. HARRY F. BYRD,
Chairman, Finance Committee,
The United States Senate, Washington, D. C.

DEAR SENATOR BYRD: Although the opportunity did not present itself for me to appear before your committee to submit testimony pertaining to bill to extend Trade Agreement Act (H. R. 1), may we state that we fully concur with the March 8 presentation of the Synthetic Organic Chemical Manufacturers Association and appeal to you to consider the almost fatal effect passage of the bill may have on our industry.

Would you kindly arrange to have this letter included in the record of the hearing.

Thank you for your cooperation.

Sincerely yours,

DR. EUGENE A. MARKUSH.

THE GIVAUDAN CORP.,
New York, N. Y., March 15, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR HONORABLE BYRD: We submit this letter in lieu of our appearing before the Committee on Finance to present our views on the Trade Agreements Extension Act of 1955.

We fully concur with and endorse the statements made to the committee on March 8, 1955 by Mr. Samuel Lenher, president of the Synthetic Organic Chemical Manufacturers Association of the United States. It is our understanding and we respectfully request that this letter be incorporated in the printed record of this hearing.

Yours very truly,

R. E. HORSEY, *Vice President.*

CLERK'S OFFICE,
West New York, N. J., March 15, 1955.

CLERK, SENATE FINANCE COMMITTEE,
Senate Building, Washington, D. C.

DEAR SIR: Please find enclosed, copy of a resolution duly adopted by the Board of Commissioners of the Town of West New York, at a regular meeting held on Wednesday, March 9, 1955, pertaining to opposition of any reduction or concession in the present tariff rates relating to the importation of Schiffli lace and embroidery or any lace or "fancy."

Respectfully yours,

CHARLES SWENSEN, *Town Clerk.*

RESOLUTION

Whereas there is now pending before the Senate Finance Committee a bill entitled H. R. 1 which embodies the administrations request for a 3-year extension of the Reciprocal Trade Agreements Act, giving the right to the President to cut tariffs during this period by 15 percent and there is also now pending certain tariff negotiations with Switzerland to compensate her for the increase last year in United States duty rates on certain watches and watch movements;

Whereas among the commodities listed for concession-negotiation with Switzerland is paragraph 1529 (a) and (b) of the Tariff Act which paragraphs pertain to almost all of the items produced by the Schiffli lace and embroidery industry;

Whereas the duty rate on 1529 (a) and (b) is susceptible to being reduced by 50 percent in these negotiations with Switzerland and the domestic lace and embroidery would suffer irreparable and permanent damage in the event an increase in the importation of lower priced foreign embroideries;

Whereas the Schiffli lace and embroidery industry is concentrated in the northern part of Hudson County and the southern part of Bergen County, N. J., and has its highest degree of concentration in West New York, Hudson County, N. J., employing thousands of local residents and occupying hundreds of factory buildings;

Whereas the loss of the embroidery industry would be irreplaceable to the economy of the town of West New York because of the impossibility of substituting other commercial enterprises for the hundreds of embroidery manufacturing plants:

Whereas it is feared that the grant of authority to the President under H. R. 1 to cut tariffs by 15 percent in a 3-year period would be implemented in the field of embroidery and that, likewise, such a reduction in these tariffs would unleash a flood of low labor cost embroidery imports from Europe and Japan inasmuch as the tariff regulations prescribe that all foreign countries shall receive the benefit of tariff concessions and reductions consummated at the request of any one country and;

Whereas the Senate Finance Committee is currently considering H. R. 1 and the United States Tariff Commission and the Committee for Reciprocity Information will on March 28, 1955, begin consideration and public hearings on the matter of the concession-negotiations with Switzerland and;

Whereas the owners of the embroidery manufacturing and processing plants and their families and the thousands of employees and their families are residents of the town of West New York, maintaining their homes in local dwelling houses and apartments and trading at all times with local merchants and shopkeepers, as a result of which the property owners and businessmen have been continuously deriving substantial incomes therefrom that have greatly helped to support the preservation of their real estate and business interests in the town of West New York; and

Whereas the employees aforesaid are in the main skilled workers, in advanced years, the probabilities, therefore, of re-employment in other industries are negligible, they would also suffer an irretrievable loss in connection with the destruction of their current benefits derived from their employee's welfare funds, which includes life insurance, hospitalization and surgical benefits for themselves and their dependents: Now, therefore, be it

Resolved, That the Board of Commissioners of the Town of West New York and the County of Hudson, State of New Jersey, being the governing body of said town, most strenuously oppose any reduction or concession in the present tariff rates relating to the importation of schiffli lace and embroidery or any lace

or "fancy" that could be substituted therefore in order to insure the continuance of this valuable industry in the town of West New York, safeguard the employment of its thousands of working people with their spending power derived from an annual payroll of many millions of dollars, preserve the substantial income and benefits procured by real estate and business interests therefrom, and maintain the present economic and employment health of the town of West New York: And be it further

Resolved, That the clerk of the town of West New York is hereby authorized and directed to forward copies of the resolution to the President of the United States; Hon. H. Alexander Smith and Hon. Clifford P. Case, United States Senators from New Jersey; Hon. T. James Tumulty, Hon. Alfred D. Sieminski, and Hon. Frank C. Osmers, Jr., congressional representatives from the affected area; to the clerk of the Tariff Commission; to the clerk of the Committee for Reciprocity Information; and to the United States Senators who constitute the Senate Finance Committee.

CERTIFICATE

I, Charles Swensen, town clerk, certify that the above is a true copy of a resolution passed by the Board of Commissioners of the Town of West New York, on the 9th day of March, 1955.

CHARLES SWENSEN,
Town clerk of the town of West New York.

THE R. THOMAS & SONS CO.,
Lisbon, Ohio, March 23, 1955.

Re H. R. 1.

Hon. HARRY F. BYRD,
Washington, 25, D. C.

DEAR SENATOR BYRD: The writer was among the witnesses heard by the House Committee on Ways and Means in opposition to H. R. 1. My statement was made on January 26 on behalf of The R. Thomas & Sons Co., of Lisbon, Ohio, the pioneer manufacturer of electrical porcelain insulators in this country.

We wish to call your attention to the statement made by Mr. Gwilym Price, president of the Westinghouse Electric Corp. on March 8, 1955, before the Finance Committee of the United States Senate. Mr. Price's statement presented additional information and recommendations not before submitted.

The R. Thomas & Sons Co. is one of the 51 companies in the electrical manufacturing industry for whom Mr. Price spoke. We completely endorse his statement and urge your cooperation:

1. To secure an amendment to H. R. 1 to insure full protection for industries essential to the national defense, and to permit all industries which are injured by foreign competition to get adequate relief to insure the maintaining of the jobs for their employees.

2. To use your influence with the State Department, the Department of Defense, the Department of the Interior and even the White House staff to recognize the ultimate high cost of foreign built equipment and the need for a higher—not a lower—differential under the Buy American Act between foreign built and domestic built equipment on Government purchases.

Thank you for your serious consideration of this request which is so vital to us, our employees, and to the Nation.

Very truly yours,

W. C. CARPENTER, *Vice President.*

PLASTIC COATINGS AND FILM ASSOCIATION,
New York, N. Y., March 14, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: The members of the Plastic Coatings and Film Association would like to go on record opposing the passage of bill H. R. 1 to extend the reciprocal trade agreement to June 30, 1958.

Members of this industry produce pyroxylin and vinyl-coated cotton, all-plastic vinyl sheeting and synthetic fabrics, primarily for upholstery purposes, in the

furniture and automotive industries. There are numerous other applications which include luggage and case coverings, folding doors, garment material, shoes, handbags, and numerous specialty items. There is an annual dollar volume of approximately $200 million.

At the present time, import duties on these products are 10 percent for coated-cotton fabrics and 7½ percent to 15 percent on all-plastic vinyl sheeting. These duties obviously are no deterrent to the importation of foreign-made competitive products. In fact, such imports, particularly from Japan and Germany, are increasing and with the present import duties it is expected that these will continue to do so, with the ultimate threat of causing injury to this industry.

It is not our desire to submit an extensive and detailed statement covering all our reasons for opposing the adoption of the bill in question, as we realize it would be repetitious in view of the vast amount of testimony that is currently in the record representing the stand taken by numerous industries.

However, we are greatly concerned with the threat of foreign competition in view of the low import duties on our products and with the constantly increased foreign production of these products. We feel that we are exceptionally vulnerable to foreign competition in view of these two basic facts, and wish to emphasize our belief that the import duties on our products are already inadequate to afford this industry protection.

Respectfully submitted.

PAUL F. JOHNSON, *Executive Secretary.*

LEAD PENCIL MANUFACTURERS ASSOCIATION, INC.,
New York, N. Y., March 14, 1955.

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: The 18 lead-pencil manufacturers of the United States desire to indicate their opposition to H. R. 1, the trade agreements bill, in its present form. This opposition is based on the fact that the bill would permit reduction of existing import tariff rates by stated percentages, regardless of whether present rates are high or low in relation to comparative domestic and foreign-production costs. Further, the bill does not properly safeguard employment in large and small American industries, whose active continuance is vital to the well-being of our country.

It is our belief that foreign trade can better be sustained by internal prosperity than through destructive foreign competition, which would defeat the broad purpose claimed by those advocating lower tariffs. The lead-pencil industry is just one example of those vulnerable to foreign competition, and already at the peril point with respect to protective tariff rates and profits. This industry does not claim to have suffered recently from an excess of imports, but it is today on the ragged edge, where a further reduction of import duty rates would permit a flood of imports with resultant disastrous effect.

We know that your committee will study the complete statement of our industry's position, presented to the House Ways and Means Committee on February 3 by Mr. H. B. Van Dorn, chairman of the association's foreign trade and tariff committee, and included in the full report of hearings before that committee on page 2048. We earnestly request that this letter be noted in the record of your committee's hearings as indicative of the lead-pencil industry's position relative to H. R. 1.

Respectfully submitted.

C. T. NISSEN, *Executive Vice President.*

ANNISTON, ALA., *March 11, 1955.*

Hon. HARRY FLOOD BYRD,
Senate Office Building,
Washington, D. C.

DEAR SIR: The members of Local No. 125, International Chemical Workers Union, affiliated with the American Federation of Labor, are deeply concerned about the proposed indiscriminate lowering of United States tariffs on foreign-made goods, specifically on chemicals, plastics, and allied products.

After a careful study of this matter, it is our considered opinion that the Congress of the United States would do serious damage to the Nation's security,

as well as to millions of workers, hundreds of businesses, and many thousand stockholders.

With the above facts in mind, our union has passed the attached resolution at its latest meeting. We urge you to consider this to be a strong protest of the proposed action by the Senate to lower tariffs. Your serious attention to this matter will be appreciated.

Very truly yours,

D. C. PERRYMAN,
President, Local No. 125, ICWU.

RESOLUTION PASSED BY LOCAL NO. 125, INTERNATIONAL CHEMICAL WORKERS UNION, AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR

Whereas reduction in tariff rates in the chemicals, plastics, and allied products field will seriously affect the national economy because of the unrealistic competitive position forced upon the United States chemical industry by low wage rates paid by foreign manufacturers and the existence of cartels; and

Whereas reduction of tariffs in these manufacturing areas would force parts of the United States chemical operations out of business and seriously endanger the United States in the production of defense materials in time of crisis; and

Whereas tariff reductions on batch process high unit labor usage, organic chemicals in particular, would force discontinuance of production of a considerable portion of all organic chemicals produced, 92 percent of which were allocated to military and essential uses in World War II; Therefore

Resolved, That Local No. 125, International Chemical Workers Union, affiliated with the American Federation of Labor, Anniston, Ala., go on record as being opposed to H. R. 1, having been passed by the House of Representatives and now being considered by the Senate.

D. C. PERRYMAN,
President, Local No. 125, ICWU.
G. V. CARPENTER,
Secretary, Local No. 125, ICWU.

[SEAL]

STATEMENT OF HARRY B. HILTS, SECRETARY OF THE EMPIRE STATE PETROLEUM ASSOCIATION, NEW YORK, N. Y.

It is my purpose here not only to defend the small-business men—the petroleum jobbers and distributors—who are members of the Empire State Petroleum Association but also to speak for the consumer's right to the fuel of his choice at competitive prices.

Because the coal industry has been unable to compete fairly and freely, it is trying to force consumers to use coal through the devious means of quota restrictions on imported oil. The actual figures show that although the American consumer would bear the penalty of higher fuel prices if residual oil imports were to be restricted, the coal industry would in fact not benefit from these oil-quota restrictions. The actual figures show that it is not imported oil but domestic fuels that have been taking the coal's market by giving the consumer what he wants for his fuel dollar.

The coal industry's charge that the importation of residual fuel oil is the basic cause of the depressed condition of the coal industry has been repeated so often by its spokesmen that many neutral people both in and out of Government accept these statements as reliable and indisputable.

What are the facts as to the relative position of the various energy producing fuels over the past 9 years? Following is a computation of the United States consumption of coal, oil, and natural gas for 1946 as compared with 1954 in trillions of B. t. u.'s:

Year	Total coal	Heavy fuel oil	Other [1] oil fuels	Natural gas	Total
1946	14,479	3,018	3,057	6,075	26,629
1954 (estimated)	10,125	3,283	5,983	9,185	28,476
Percent increase or decrease	−30.1	+8.8	+94.1	+50.4	+7.0

[1] Does not include gasoline or other nonfuel use of oil.

Source: U. S. Bureau of Mines.

Based on these consumption figures, the relative position of each fuel to total fuel consumption is as follows:

Year	Total coal	Heavy fuel oil	Other oil fuels	Natural gas	Total
1946 (percent)	54.4	11.3	11.5	22.8	100
1954 (percent)	35.6	11.6	20.5	32.3	100

A study of these figures shows that coal has failed to keep pace with other fuels such as distillate fuel oils, diesel fuel oil, kerosene, and natural gas. While coal lost position during the last 9 years as the figures show, residual fuel oil showed a very minor gain in its relative position to the total consumption from 1946 to 1954. While coal was losing its position and residual fuel oil remained practically steady, domestically produced middle distillate fuel oil, other domestic oil fuels and natural gas were making substantial gains in the energy market. Compared to the total gain in consumption of 7 percent for all fuels from 1954 to 1946, domestically produced oil fuels gained 94.1 percent and natural gas gained 50.4 percent.

Converting these figures into tons of coal, we find that, from 1946 to 1954, the consumption of residual fuel oil increased an amount equivalent to 10 million tons of coal, domestically produced other oil fuels increased an equivalent of 110 million tons of coal, and natural gas increased an equivalent of 117 million tons of coal. Together, other domestic oil fuels and natural gas increased an equivalent of 227 million tons of coal or 22.7 times the increase of residual fuel oil consumption.

Imports of residual fuel oil represent about 25 percent of our total domestic supply of this product. Therefore, the impact of imported residual fuel oil on the coal industry from 1946 to 1954 amounted to about 2,500,000 tons.

These figures present indisputable proof that the loss of the coal industry's competitive position cannot be charged to imports of residual fuel oil. Rather, it is obvious that it is the domestically produced light fuel oils, along with natural gas, that are making serious inroads in the demand for coal among consumers.

Are we then to issue a decree to certain consumers: "You cannot use oil or natural gas. You must use coal."

Let us examine the factors which have kept the coal industry from maintaining its relative position in an expanding energy-demand market.

The shift by the railroads from coal to diesel oil provided the largest loss in the coal market. This was followed by a substantial loss in space heating and further increase in the use of natural gas by industry. Coal remains the chief source of supply for manufactured gas and electric production.

The American petroleum industry has always produced residual fuel oil to some extent. However, after World War I, when the international merchant fleet and the navies of the world converted from coal to heavy fuel oil, and with the great technological advances in refining processes, the yield of residual fuel oil began to decline. This made it necessary for the petroleum industry to import additional supplies to supplement our own domestic production. These imports had to come from nearby foreign sources which would enable them to compete both in the international and coastal shipping trade and in our domestic markets. As a result we have been importing residual fuel oil since about 1922, and only during the last few years has the coal industry complained about these imports and attempted to place the blame for all of its ills on these imports.

One important aspect of this whole matter is the fact that the history of petroleum imports stems from Government pressures to maintain adequate supplies of petroleum readily available for domestic consumption in peacetime and for our military security in time of emergency.

During 1947 and 1948 in the United States Senate, under the leadership of the late Senator Wherry, importers of residual fuel oil were asked to use every means possible to step up imports of this product. Also at that time the late Senator Tobey was instrumental in establishing an advisory committee to study ways and means of augmenting our supply of heavy fuel oils through increased imports. The writer of this statement was a member of that committee. Again, as late as the Korean conflict, pressures were exerted by the administration to

step up imports of residual fuel oil so that ships carrying needed war supplies could sail from our shores.

In several instances, the industry drew upon the Navy's stockpile of residual fuel oil to keep ships on the high seas and to maintain our industrial production.

Can anyone, in the light of these facts, favor restrictions on the importation of this product as called for in the Neely amendment? The quota restriction to 10 percent of United States demand, which this amendment would impose, would decrease our east coast supply by about 210,000 barrels daily, which is approximately 25 to 30 percent of our total supply.

Further, when 125,000 barrels a day for bunkering ships in the international and coastal trade, and in addition military and naval demand and use in oil-company refining plants, is deducted (which categories, to our thinking, would have a priority right to the available supply), the quantity of residual oil remaining for our domestic consumers would be approximately 42 to 45 percent short of their requirements.

This shortage would have a drastic effect on such users as public buildings, hospitals, apartment houses, hotels, schools, and the many food processing and industrial plants which use this oil.

Can anyone dispute the fact that to have residual fuel oil available for wartime uses we must develop its peacetime uses? How else can we provide for emergency use except by creating peacetime demand and building the facilities to supply this demand? This is true whether the oil is domestically produced or imported. Flexibility of supply is the important factor in wartime.

Distributors of residual fuel oil along the Atlantic seaboard are well aware that much of their supply and operating facilities would be diverted to war use in an emergency. The Government itself has encouraged the building of these facilities through the accelerated tax amortization program for building ocean storage for petroleum products.

The coal industry selfishly has led many of its supporters in Congress to believe that if oil imports were limited, coal would have a readymade market for its production. Could this happen? The facts indicate that it could not.

With the exception of those few consumers, about 3 percent, of residual oil who have standby facilities capable of burning either oil or solid fuels, residual fuel oil consumers cannot be considered potential customers of the coal industry.

Once oil-burning facilities are installed, they cannot be converted to solid fuels, without tremendous expense, because of the specialized engineering and construction of the facilities. These facilities are designed to burn only liquid or gaseous fuel. In order to burn solid fuels, the installation would, of necessity, have to be removed and be replaced by facilities designed to use coal.

Moreover, architects of most modern buildings—those constructed within the last 15 to 20 years—have completely eliminated solid fuels bunkers, assigning the area formerly devoted to this purpose to more profitable use. Even the oil tanks themselves are no longer occupying space within the building but are installed in underground areas outside the building. This development has occurred because high construction costs have made it necessary to derive a higher financial return on every inch of avaliable space. In addition, payroll savings resulting from lower operating and maintenance costs have also encouraged this trend.

We offer the committee the following factual data on installation costs of oil-burning facilities in support of our contention that it is financially impossible for residual oil consumers to be potential customers of the coal industry:

(*a*) The cost of installing modern oil burning equipment in an ordinary taxpayer building averages from $5,500 to $7,500.

(*b*) The average medium-sized apartment house of its equivalent averages from $9,000 to $17,000 per installation.

(*c*) Large-sized apartment, office or commercial buildings average from $40,000 to $60,000 for each installation.

(*d*) Large industrial installations range from $60,000 to $200,000.

It follows from these figures that once the consumer has made his investment he definitely ceases to be a potential coal customer.

Under these circumstances it would be completely unjustified to accept the claim that residual oil does "cause or threaten serious injury" to the coal industry or that the coil industry would benefit by import restrictions. Present users would, most likely, be forced to turn to light fuel oil or natural gas at higher costs because of lack of space necessary to convert to coal.

For these reasons, in the interest of the consumer and of the welfare of our country as well as for the preservation of the small-business men who are the

members of this association, I respectfully urge that this committee and this Congress turn aside efforts to impose quota restriction on the importation of oil into this country.

ATLANTA, GA., *March 14, 1955.*

Hon. RICHARD B. RUSSELL,
United States Senator,
Senate Office Building, Washington, D. C.:

National Linen Service Corp., with headquarters in Atlanta and 5 plants in Georgia operates 15 plants in the Southeast which use heavy fuel oil. The limitations proposed in the Neely amendment to reciprocal trade bill seeking to curtail imports of heavy fuel oil with result in higher prices. We feel that the proposed limitations on such imports of heavy fuel oil should be defeated and respectfully request your assistance in bringing our views before the Senate Finance Committee now considering such limitations. The States wherein our plants are located which would be affected include Georgia, North Carolina, Virginia, South Carolina, and Florida.

T. G. WARE,
Secretary, National Linen Service Corp.

SHATTERPROOF GLASS CORP.,
Detroit, Mich., March 16, 1955.

Hon. HARRY F. BYRD,
Committee on Finance,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: Recently I have been reading reports of testimony and evidence submitted to the committees regarding the tariff question, and I am surprised that certain interests would make such bold assertions and leave such false inferences without factual and thorough explanation of their statements.

Naturally, I can only speak with regard to our industry, viz, the flat glass industry.

Our company, the Shatterproof Glass Corp., has now been in business about 25 years and presently employs about 250 people.

It is safe to say that we are the largest socalled independent manufacturer of laminated, flat, and curved safety glass for automotive vehicles, and 1 of only 3 manufacturers in the United States producing curved windshields for automobiles and trucks.

Inasmuch as we do not produce raw glass, it is necessary that our raw glass supplies be obtained from the available sources of such products, and if we are to purchase all such supplies domestically, we are in the position of being forced to compete with these same major sources with all our finished products.

As a matter of fact, there are only the following sources available in the United States from whom such raw materials are obtainable:

Pittsburgh Plate Glass Co., ⅛-inch plate and sheet glass.
Libby-Owens-Ford Glass Co., ⅛-inch plate and sheet glass.
Fourco Glass Co., sheet glass.
American Window Glass Co., sheet glass.

Quality and other conditions eliminate all of these sources for all practical purposes, with the exception of Pittsburgh Plate Glass Co.

In fact, over the last 25 years, 95 percent of our raw materials purchased in the United States have been purchased from the Pittsburgh Plate Glass Co.

I will not venture into the realm of prices being increased on raw materials and prices being decreased on the finished products, over the years, because this is a matter of markets and not of tariff.

However, I will make the general statement that the Shatterproof Glass Corp. has been on "allocation" in the purchasing of raw materials the greater part of the time for a period of years

In short, we have not, for many years, been able to obtain domestically the raw glass we needed, nor when we needed it, except in rare instances.

As a specific example:

Our requirements since October 1954 have been about 26 cars of sheet glass per month, and about 500,000 square feet of ⅛-inch plate glass per month.

Since October we have, by every possible means at our disposal, been able to obtain domestically approximately 35 percent of our sheet glass needs and approximately 10 percent of our ⅛-inch plate requirements.

October 1954 to March 1955 is not a particularly unusual period over the years.

Under these circumstances, necessity would naturally direct us to the only other practical source of sheet and ⅛-inch plate, in the world; viz. Europe.

It is true that we are probably the largest importer of flat glass in the United States, which of course is a "sore point" with the domestic manufacturers; but such is not an expedient—it is a necessity.

We are not alone in this situation. There are hundreds of other concerns whose source of supply from domestic sources is pathetically inadequate.

It would seem, therefore, that imported glass, rather than bring destruction upon the domestic manufacturers who are running their entire facilities at over 100 percent capacity, is serving a purpose of profound good in the keeping the employees of our own plant and the employees of hundreds of other plants in employment, and fostering the American system, rather than bring further cartel and regimentation practices into this industry.

Very truly yours,

W. B. CHASE, *President.*

STATEMENT SUBMITTED BY WOVEN WOOLEN FELT INDUSTRY IN OPPOSITION TO H. R. 1

This statement is submitted to the Senate Finance Committee by the woven woolen felt industry in opposition to H. R. 1 in its present form.

The woven woolen felt industry consists of the following 11 companies:

Albany Felt Co., Albany, N. Y.
Appleton Woolen Mills, Appleton, Wis.
Draper Brothers Co., Canton, Mass.
F. C. Huyck & Sons, Rensselaer, N. Y.
Knox Woolen Co., Camden, Maine
Lockport Felt Co., Newfane, N. Y.
Orr Felt & Blanket Co., Piqua, Ohio
Philadelphia Felt Co., Frankford, Pa.
Shuler & Benninghofen, Hamilton, Ohio
The Waterbury Felt Co., Skaneateles, N. Y.
H. Waterbury & Sons Co., Oriskany, N. Y.

The woven woolen felt industry is opposed to any further extension of the President's power to reduce tariffs. The industry recognizes that American trade policy must be designed in the national interest. But the national interest cannot be served by legislating unemployment for American skilled labor in order to improve the export market for a few American industries adapted to automation.

If the Senate Finance Committee should decide, for reasons of foreign policy, that it is necessary to give the Executive further power to reduce tariffs, then whatever legislation is recommended by the committee should contain:

(1) A provision exempting imports of wool and wool manufactures (including woven woolen felts) from the tariff reduction authority granted to the President.

A qualifying provision such as this is essential if the woven woolen felt industry is to continue to provide employment to the skilled labor that has been trained in the various arts involved in felt production, is to continue to serve the needs of the American paper industry with a high quality product, and is to provide a source for essential felts during periods when the United States may be cut off by war from foreign sources of production.

We respectfully suggest the inclusion in H. R. 1 of language substantially similar to that in H. R. 2985, as follows:

"That no foreign trade agreement entered into by the President after January 1, 1955, under section 350 of the Tariff Act of 1930, as amended and extended (19 U. S. C., sec. 1351), shall operate to reduce, for any period on or after the effective date of this Act, the rates of duty which were applicable on January 1, 1955, with respect to any of the articles listed in schedule 11 of the Tariff Act of 1930 (19 U. S. C., sec. 1001, pars. 1101–1122)."

(2) A provision to make Tariff Commission findings of fact in "escape clause" and "peril point" hearings conclusive on the President as well as on other interested parties.

H. R. 1 should be amended to make the escape clause provision of existing law an effective instrument for protecting industry and labor from injury from imports. Out of the 59 applications for escape clause relief filed with the Tariff Commission by domestic industry, in only 15 of these cases has the Commission

found injury or the threat of injury resulting from imports. The President has overruled the Tariff Commission in 10 of these 15 cases, often because of his disagreement with the Commission's findings of fact as to injury or the cause of it. While an overriding foreign policy interest may, under special circumstances, require the President to disregard injury to domestic industry from imports, no similar argument can be made for empowering the President to overrule findings of fact made by a competent, bipartisan agency after lengthy consideration and hearings. The President's refusal, based on information outside of the record, to agree to Tariff Commission findings of fact runs counter to basic notions of fairness; domestic manufacturers are unable to rebut arguments presented not in open hearings before the Tariff Commission but only in camera to the President. If the escape clause is to function as protection to domestic industry from injury resulting from imports, Tariff Commission findings of fact should be made binding on the President, as they now are on other parties to the investigation.

The same considerations apply to Tariff Commission findings of fact in peril point hearings. These findings made after exhaustive hearings, should also be conclusive.

THE WOVEN WOOLEN FELT INDUSTRY

The United States woven woolen felt industry cannot survive if its tariff protection is further reduced. This is clear from the nature and history of the industry and from the tariff reductions it has already suffered.

Woven woolen felts are used primarily in the manufacture of paper. The felts are made in the form of long woven belts. These belts carry thin layers of wet pulp from one part of a papermaking machine to another, transporting the pulp through successive series of rollers, which press water from the pulp to form paper. All papermaking machinery requires woven woolen felts. No other material has been found which possesses the requisite combination of strength, porosity and finish to be usable for the purpose. Woven woolen felts are made to precise specifications to fit particular machines and have a useful life of from 1 week to 3 months, depending upon the type of machine, the nature of the paper stock and the speed with which the particular machine is operated.

Woven woolen felts were first manufactured in the United States in 1854. The industry, which now consists of 11 companies, has a gross annual output of approximately $35 million.

The woven woolen felt industry grew up parallel with the development in this country of high speed papermaking machinery. Over the years it perfected techniques and methods that gave United States producers a considerable advantage of experience. For a period of years United States manufactured felts were sold throughout the world, and the export trade absorbed a substantial part of the production of the American mills. However, with the introduction abroad of high-speed papermaking, mills for the manufacture of papermakers' felts were established in Sweden, Finland, Germany, Britain, France, Argentina, Brazil, and Japan. United States felt manufacturers, faced with the competition of low foreign labor costs, were forced to withdraw almost entirely from the world market and to confine their efforts to supplying the domestic papermaking industry.

THE TARIFF ON FELTS

The woven woolen felt industry has been singled out for exceptionally severe treatment under our governmental policy of building up foreign production. The ad valorem duty on woven felts has twice been cut in half, a 75 percent reduction in ad valorem duty. This is a greater cut than that imposed upon any other part of the woolen industry.

From the passage of the Tariff Act of 1930 until 1935, woven woolen felts were dutiable under an ad valorem tariff ranging from 50 to 60 percent. The Tariff Act of 1930 provided for an additional compensatory duty of 50 cents per pound on woven felts because of the duty on wool. In 1935, under the trade agreement with Sweden, the ad valorem duty ranging from 50 to 60 percent was cut in half, and this reduction was later bound in the British Agreement of 1939. At Geneva in 1948, the compensatory duty was reduced to 37½ cents per pound and the ad valorem duty was cut to 20 percent. In 1951 at Torquay, the ad valorem duty was further reduced to 15 percent.

	Tariff Act, 1930, par. 1109 (b)	Trade Agreements Act, 1934 (Sweden T. D. 47785, Aug. 5, 1935; and United Kingdom T. D. 49753, Jan. 1, 1939)	Geneva agreement (1948)	Torquay agreement (1951)
Valued at:				
Not more than $1.25 per pound.	50 cents per pound and 50 percent.	50 cents per pound and 25 percent.	37½ cents and 20 percent.	37½ cents and 15 percent.
More than $1.25 but not more than $2 per pound.	50 cents per pound and 55 percent.	50 cents per pound and 27½ percent.		
More than $2 per pound..	50 cents per pound and 60 percent.	50 cents per pound and 30 percent.		

H. R. 1 AND THE FELT TARIFF

The executive department has used its power under previous legislation to cut the ad valorem tariff on felts by 75 percent. The industry is understandably skeptical of assertions that new tariff-cutting authority, such as that contained in H. R. 1, is merely an earnest of our intention to be good neighbors to the world. Unless Congress rejects this bill or limits its operation as we suggest, the new authority granted by H. R. 1 will be used again, as it has been in the past, to demonstrate our neighborliness at the expense of American industry.

Under H. R. 1, the executive branch would be authorized to reduce by 15 percent the present felt tariff. A cut of this size would be catastrophic for an industry that has already lost 75 percent of its ad valorem tariff protection.

The President also has the authority, apparently limited to articles "normally imported into the United States in negligible quantities," [1] to reduce tariffs to 50 percent of 1945 rates. The "negligible quantity" limitation is not a limitation at all, however, because the President can cut tariffs by 50 percent of 1945 rates "to provide expanding export markets for products of Japan (*including such markets in third countries*)." [2]

If this section means what it says, the President has the power to cut the United States felt tariff to aid, for example, Swedish felt exporters if Sweden will agree to expand its market for Japanese goods. No conceivable benefit can accrue to United States industry under this authority. It amounts to transferring the burden of economic aid to support the Japanese economy from all American taxpayers to the workers and stockholders of industries selected at random.

It is not enough to say that the loaded gun will not be fired. American industry is entitled to stability and predictability in working out its economic problems. The mere existence of uncontrolled tariff cutting power in the Executive must inevitably erode away the bases for prosperity and expansion in industries threatened by low cost foreign imports.

The felt industry feels, in the light of experience, that the safeguards now provided by the peril-point and escape-clause provisions are illusory. The coal miners, the tuna fishers, and the motorcycle manufacturers can testify best to their efficacy. Unless these safeguards are strengthened as we have suggested, no industry can rely upon them for protection against injury resulting from improvident tariff cuts.

DANGER TO THE FELT INDUSTRY OF FURTHER REDUCTIONS IN TARIFF

If the executive branch further reduces felt tariffs, as it could do under H. R. 1, the felt industry would face economic disaster. This becomes clear on consideration of (1) the structure of the industry, (2) its markets, and (3) its human and material resources.

1. The cost of producing felts in the United States is substantially greater than abroad because of higher American labor costs

Approximately one-third of the total cost of producing woven woolen felts represents labor costs. Labor cost is a function of wage rates and labor efficiency; higher American wage standards in some industries can be compensated for by

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[1] The words "normally" and "negligible" are not defined in H. R. 1.
[2] Italics supplied.

lower cost raw materials or by higher yields per man-hour through intensive mechanization and improved production techniques.

American woven woolen felt producers, however, enjoy no advantages over their foreign competitors in the purchase of raw material—95 percent of the cost of the raw material in woven wooden felts is represented by wool. The specific portion of the felt tariff (37½ cents per pound) is designed to compensate domestic manufacturers for the increased cost of wool resulting from the wool tariff,[1] but British industry is often able to obtain the finest grades of empire wools, essential to the felt industry, at lower prices than are available to domestic manufacturers.

The woven woolen felt industry has no advantage over foreign producers by reason of the use of laborsaving machinery. Felts must be tailored to individual papermaking machines which vary greatly in size, speed and other specifications. Felts, in fact, range in width from 20 to 300 inches, in length from 3 to 245 feet, and in finished weight from 1 ounce to 23 ounces per square foot. Automatic looms used generally throughout the textile industry cannot be employed, both because of the extraordinary width of the looms and the short runs and wide diversification of product.

The machinery used to produce felts is substantially the same the world over. European machinery manufacturers, however, quote landed United States prices roughly 40 percent lower (after payment of import duties) than those quoted by United States manufacturers.

No one has yet discovered a way to make felts economically without the extensive use of highly skilled labor, although the American felt industry spends large sums for research. There is no reasonable basis for assuming that laborsaving techniques and mass production methods can cause any important change in this industry in the foreseeable future.

Thus there are no significant differences in the output in the labor per man-hour by the United States and foreign countries. France, England, Sweden, and Finland each has a highly trained labor force in the woven woolen felt industry and, on the basis of the best information available, the output per hour of these workers is comparable to the output in the United States.

The only significant difference between the United States and foreign felt industries is the cost of labor. The average wage paid to production workers in the United States woven woolen felt industry ranges from 250 to 700 percent above wage rates in foreign nations.[2] This differential in wage scales makes it absolutely imperative that the American woven woolen felt industry receive adequate tariff protection if the standards of American workers are to be maintained and, indeed, if the woven woolen felt industry is to survive.

The cost differential cannot be overcome by American industry by reason of its geographical location. Transportation costs of imported woven woolen felts are an insignificant part of their price. Indeed, it costs five times as much to ship woven woolen felts from Albany, N. Y., where the largest felt mills in the industry are located, to customers in the western United States than from France to United States North Pacific ports.

The woven woolen felt industry, therefore, represents one of the classical cases for the maintenance of tariff protection. In this industry the tariff represents only the labor differential, and the maintenance of the tariff is essential to maintain the gains which American labor has achieved.

2. *The demand for woven woolen felt in the United States is inelastic; each felt imported means one less felt produced in the United States*

Proponents of tariff reduction say that increased imports mean not a loss of market for American industry, but a chance to participate in an expanded market resulting from more customers attracted by lower prices. This argument has no application to woven woolen felts.

Virtually all felts are manufactured for papermaking machines and have no other use whatsoever. A felt has a life of from 1 week to 3 months, depending upon the condition of its use. The average price paid by a paper mill for a felt is around $500. It is used on a machine which usually costs over $1,000,000 and which may produce a half million dollars worth of paper a week. Since it takes from a half-hour to 3 hours to change a felt on a machine and the machine may have an overhead of as high as $100 to $200 per hour, no manufacturer

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[1] If the compensatory portion of the duty were reduced under H. R. 1, without a similar reduction in the tariff on raw wool, the domestic industry would be at a crippling disadvantage. H. R. 1 is silent on this problem.

[2] When compared with Japanese wage rates, the differential is even higher.

will change felts oftener than necessary simply because the price of felts has decreased.

There are about 800 paper mills in the United States, each with a fixed number of machines. These facts and the sale of paper define the market for felts in this country; it is a fixed and determined market with a wholly inelastic demand not dependent upon price.

Under the circumstances, each foreign felt used by a foreign paper producer means one less felt sold by the American industry. A further cut in tariffs leading to increased imports would gradually squeeze the American industry out of the limited market it now enjoys, just as it has been progressively squeezed out of foreign markets.

3. The labor force employed in the woven woolen industry cannot readily be shifted to other industries, nor can felt machinery be adapted for use in other branches of the textile industry

The woven woolen felt industry employs approximately 3,500 people. About 55 percent of these workers are skilled and another 25 percent semiskilled. The skills required in the manufacture of woven woolen felts are either peculiar to the felt industry or performed quite differently from elsewhere in the textile industry. These specialized skills include joining, hooking, napping, drying, dressing, drawing in, and felting. These skills have been developed from years of labor in the felt industry. Most workers, if forced out of their jobs by competition from imports, could find no employment elsewhere without a drastic sacrifice in their standard of living.

In addition, machinery used in felt mills is of unique design and utility. The looms are heavier and wider than used elsewhere and, because of the necessities of felt production, are most often of special design. Outside of carding and spinning equipment, little of the machinery in a felt mill could be adapted for use in the textile industry or anywhere else.

Thus, the felt industry labor force could not be readily assimilated elsewhere, and machinery in felt mills could not readily be converted to other uses. The closing down of felt mills, as a result of foreign competition, would result in serious waste of our human and capital resources.

CONCLUSION

The woven woolen felt industry has not shared in the artificially stimulated export markets for the products of American mass production. Yet the felt industry has borne a disproportionate share of the burden imposed by tariff reductions since 1930.

If capital and labor are to be attracted to the felt industry—or, indeed, be retained in it—it is important that the industry not be continually faced with crippling injury by administrative fiat. In order to develop its human and material resources to the fullest, it must have some assurance that its future will not be bartered away by its own Government.

If the Executive is granted new tariff-reducing authority under H. R. 1 without, at a minimum, strict limitations upon its exercise, the felt industry will again be subjected not only to the vicissitudes of the market place but to the uncontrolled discretion of the executive branch. Rational planning is impossible under these conditions.

The woven woolen felt industry, therefore, records its vigorous opposition to the passage of H. R. 1 in its present form.

Respectfully submitted.

LEWIS R. PARKER.

STATEMENT ON H. R. 1 AND THE NEELY AMENDMENT FILED WITH THE SENATE FINANCE COMMITTEE BY THE TEXAS CO., MARCH 18, 1955

The Texas Co. ranks second as a producer of crude oil in the United States. It markets petroleum products in all 48 States, and through subsidiaries and affiliates has extensive foreign operations—in Canada, Latin America, the Far East, the Middle East, Africa, and Europe. On the basis of our experience in both domestic and foreign operations, we would like to present our views on H. R. 1 and the Neely amendment.

Speaking first of H. R. 1 itself, the Texas Co. is definitely in favor of passage. We stated to the House Ways and Means Committee, on January 20, 1955: "This legislation deserves the support of the Congress as a realistic and middle-of-the-

road approach to the problem of creating more favorable conditions for continued growth in international trade."

In our judgment, H. R. 1, without amendment to provide special protection to individual United States industries, is a necessity if our Nation wishes to maintain a policy of expanding the flow of trade and investment within the free world.

Failure to enact the legislation, or loading it with crippling amendments, would be taken by other nations to mean that the United States has turned its back on the principle of reducing obstacles to trade. The results could be very disadvantageous to American business operating overseas, to the American domestic economy, and to the strength and cohesion of the free world.

The proposed Neely amendment to H. R. 1 would restrict total United States petroleum imports to levels well below those of recent years.

This amendment is particularly harsh in respect to imports of residual fuel oil. It would restrict imports to about 143,000 barrels a day in 1955, compared with the 1954 level of above 353,000 barrels per day. The Texas Co. imports very little of this oil, but it is strongly opposed in principle to this type of legislation.

Virtually all imports of residual fuel oil are for east-coast consumers. In that market there is no other available source of fuel which would fully meet the requirement at prices near present levels, if residual fuel imports were slashed to the impracticable extent the amendment proposes. A definite hardship would be imposed on many east coast industrial, commercial, and public utility users of imported residual fuel.

The intention is to help the coal industry but the benefits to that industry would be small. The Neely amendment would force a reduction of about 210,000 barrels per day in residual-fuel imports, compared with 1954, the equivalent of some 18 million tons per year of coal. Such an amount of coal is of minor order compared with the 239 million-ton reduction in United States coal production in the past 7 years.

The decline in coal production has been due largely to technical and competitive change, particularly the dieselization of railways and the successful competition of domestic natural gas for some important markets formerly dominated by coal. In the judgment of the Texas Co., to attempt to solve the coal industry's problems by drastic action against residual fuel imports would represent a most dangerous and unwarranted precedent of Government interference to assist one industry by damaging another.

The United States consumes about 60 percent of all petroleum used in the entire free world. But we have only about 20 percent of total free world proved reserves of petroleum. It appears highly probable, therefore, that despite intensive exploration and development of domestic petroleum resources, foreign crudes will have to be counted as an increasingly important component of our Nation's overall fuels availability. Consequently there is a basic need for flexibility in respect to the source of crude oil, and legislative restriction on imports of foreign crude would be entirely inappropriate.

Moreover, the domestic crude oil producing industry is showing strong growth, evidence that petroleum imports are not undermining its strength. In 1954 the industry drilled more exploratory wells and more development wells than in any previous year in the Nation's history—a basic indicator of the industry's vitality. Production also is showing great strength. In recent months it has been the highest in the industry's history, and there is very indication that domestic crude production in 1955 as a whole will set a new alltime annual record.

There is, therefore, no sound argument for legislation, such as the Neely amendment, to restrict oil imports. It is our considered judgment that such legislation would be detrimental to the American oil industry, and would adversely affect our Nation's economic strength and security.

STATEMENT OF W. CHALMERS BURNS, PRESIDENT OF HARTOL PETROLEUM CORP., NEW YORK 20, N. Y., IN OPPOSITION TO OIL RESTRICTIONS ON HEAVY FUEL OILS

First, let me offer my opinion that any arbitrary limit on imports of heavy fuel oils will cause a shortage on the eastern seaboard with resulting increase in cost to consumers. As an independent nonintegrated cargo marketer of fuel oils, we are entirely dependent on imports for the heavy oil we market through New York Harbor.

However, if the committee's interest is in any way influenced by consideration for coal as a substitute for heavy fuel oil, may I suggest that all those with such interest, including the coal people, look into the greatest market loss to oil, coal, or substitute fuel that we face in this country today.

It is my best information that 75 percent of housing (in new developments where natural gas is available) is being built with chimneys adaptable to the use of natural gas only. This precludes conversion to fuel oil or coal if there should be a shortage of natural gas. Most communities have no restrictions against this type of construction in their building codes. Consequently, builders are using this type of chimney to save $150 to $300 in the cost of each house.

While building codes are not a Federal Government function, your communities and State bodies might well concern themselves for the benefit of new homeowners. The doors are being closed to competitive fuels and innocent investors in homes will be denied relief in the event of a natural-gas shortage except by heavy expenditures for reconstruction.

I would like to urge that this committee oppose the Neely amendment to the bill extending the Reciprocal Trade Agreements Act.

The Neely amendment's provision for oil import quotas would reduce our total available supply of heavy fuel oil by approximately 28 percent and would result in preventing consumers from using the fuel of their choice and in forcing them to pay higher prices for other available fuels.

OTTO B. MAY, INC.,
Newark 5, N. J., March 15, 1955.

HON. HARRY BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR BYRD: In the interest of conserving the valuable time of your committee, I arranged to cancel my appearance before you in favor of a consolidated position of the synthetic organic chemical manufacturing industry as expressed by Mr. Samuel Lenher. I would like to tell you that our firm concurs in the remarks which he made before you.

We also have a particular problem which is peculiar to smaller firms who do not have the extensive resources of the large companies. We will be probably hurt to a much more severe extent if the contemplated tariff reduction program goes forward and I would like, in this connection, to refer you to my own testimony before the House Committee on Ways and Means.

Very truly yours,

E. M. MAY, *President.*

E. B. MULLER & CO.,
Port Huron, Mich.

MEMBERS, SENATE FINANCE COMMITTEE,
Washington, D. C.

DEAR SENATOR: A copy of this letter is being sent to each member of the Finance Committee.

I wish to protest most vehemently against the adoption of H. R. 1, the bill to further reduce tariffs and grant more power to the free traders in the executive branch. My protest is made with purely unselfish reasons as will be shown.

The slick-haired boys in the striped pants are trying to sell you and the American people a bill of goods. In their dedicated theory of international relations they have completely overlooked (to put it nicely) the basic interests of the American way of life. They are trying to say that trade is a two-way street and implying that we follow only one way. They say that only by expanding our export business and in return increasing our imports can we raise the standards of our friends abroad. My position in this matter is one of academic interest only. The present administration has already ruined my business and could not possibly do any further harm. Let it not be thought that I am politically biased. I have been a life-long Republican, my father was, and my grandfather ably represented the Seventh District for 12 years in the lower House as a Republican. My blind faith in the party, faith that the party would be interested in the preservation of a small business that has existed for more than 50 years through 2 major wars, 2 minor and 1 major depression, has been utterly destroyed. Let us examine therefore a few of the facts available to each of you as well as the State Department and other executive branches.

My business was the growing and manufacturing of chicory in the State of Michigan. Shortly after the war imports began to create a serious problem, a problem nonexistent at any time prior to the war. Appeals were made starting in 1950 and culminating in a full investigation in the early months of 1954 and terminating in September 1954. Our appeal for some measure of protection from the disastrous effects of low-cost imports was summarily denied. See Tariff Commission investigation No. 33 under clause 7 of the Reciprocal Trade Act, dated September 7, 1954. The facts in the chicory case are not much different than in any other domestic industry threatened with import competition. The facts are similar in the restraints imposed by our friends abroad. The fact that we are a little company with only a few employees is different. But from the humanitarian standpoint it doesn't make much difference. When you have to lay off men who have worked for you for over 30 years, many of them, this was the only job they ever had and the first time they had ever been laid off, it doesn't make any difference to them if 5,000 were let go.

Aside from that problem let's look at this two-way street deal. The principal sources of imports of chicory are Belgium, Holland, and France. Now if we should want to export United States chicory to Belgium what happens. We are forbidden by law to sell chicory in Belgium unless our delivered price is 80 cents higher than domestic Belgian production. Two-way street? Furthermore, all three countries absolutely forbid the importation of raw material (dry chicory root) for processing for sale within the country. No quota or anything, just prohibition. But these countries have had for some time a barter trade treaty with Poland. So what happens? The Belgian or French producer buys the cheaper Polish root under license by barter, brings it to his factory, roasts it, and ships it to the United States as product of Belgium taking the preferred lower duty. Now how does this aid in any way the farmer or little man in those countries? The only aid is to Poland and the European exporter. A fine way to help our friends.

The State Department is aware of this practice, but cannot or will not admit it publicly. Might lose a vote, I suppose. Well, they lost mine and every friend and employee of mine. Not many votes, probably not over 100 or 150, but they lost 'em. In 6 months our business lost over 60 percent of its former steady volume to imports at ruinously low prices. (Labor in Europe runs 30 cents to 35 cents per hour, ours $1.53.) Labor in Poland is an unknown factor, but I'll bet it's pretty low from all the propaganda put out by Washington. As a result of all this our factory was shut down completely for months for the first time in our memory. We will not be able to contract with our farmers to grow chicory this year. Sure, somebody has to suffer they say, in this grand scheme, but why a little business? Why not let some of the big-profit boys do a little of the suffering. Why benefit the Iron Curtain at the expense of American thrift and industry even if it is a matter of only a few hundred thousand dollars? Does that make sense to our elected representatives in Congress even though it apparently does to a few appointed theorists in Government and some headline seekers with selfish motives in labor and big industry? Of course we are selfish, too; we are selfish enough to want to continue with our business, make enough to pay some taxes and live in the United States.

Let's look at another industry that has just discovered the boat it is in. We graciously and with great fanfare ship wheat to Japan, some for free, some at low world cost. Surplus wheat of course that the taxpayer has bought at support prices and paid storage on for years. What connection does this have with tariff? Ask the monosodium-glutamate manufacturers. The Japanese with 19 cents an hour labor produce monosodium-glutamate from this wheat, ship it to the United States with a duty lowered by treaty, in competition with domestic producers using high-priced wheat and high-cost workers. The American system at work, but can they stand up for long in this area of competition, which is not real competition but subsidy of the upper classes abroad at the expense of the great middle class of our country? Don't be fooled by promises of "helping the lower groups improve their standard of living abroad." Any honest study of Europe will show that there is no middle class; you are either way up on top or way down at the bottom, and as long as the guy on top can help it, it's going to stay that way. All we are doing in this trade, not aid, gimmick is helping the top man get more and get it more easily. The little fellow won't see any of it.

So far as I am concerned, and my fellow workers, the damage has already been done and cannot be repaired overnight. The banks will shortly be calling for the money borrowed a year ago in anticipation of normal business. What we will give them we don't know, certainly not cash—the importers and Poland have

that. As I say, the worst has already been inflicted on us, for God's sake don't let it happen to others. Defeat H. R. 1 soundly and with every sense of justice.

Sincerely,

H. G. McMORRAN, *President.*

SOUTHWELL COMBING CO.,
North Chelmsford, Mass., March 16, 1955.

Hon. HARRY F. BYRD,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The purpose of this letter is to register in the strongest possible way our opposition to H. R. 1.

Not only does this bill remove from the Congress to a dangerous degree constitutional authority to control our foreign trade policies, but it represents another certain step toward the destruction of the American textile industry.

The Southwell Co. makes wool top for the domestic worsted industry. We employ approximately a thousand people at good wages. Any tariff revisions which permit a more extensive import of foreign textile products fabricated from wool weakens our capacity to stay in business and to provide employment.

The United States textile industry, of which wool-textile plants are an important part, plays a vital role in our total economy. It is indeed 1 of the 6 largest employers of production labor—a figure in excess of 1 million people.

This industry needs tariffs to offset the tremendous wage gap between its own level of wages and those obtaining in foreign countries. The average wage in wool textile is $1.50 per hour. However, in Great Britain it is only $0.45; in France, $0.43; in Italy, $0.30; and in Japan $0.14. The present wool-textile tariffs, cut in half from the rates of the 1930 Tariff Act, are no bar to Japanese or other foreign goods.

United States mills are mainly small businesses and thus are vulnerable to imports which displace, rather than supplement, United States goods. Imports of 12 million yards of wool cloth in 1954 did indeed rob the United States textile employees of at least 6,500,000 man-hours of labor. Greater efficiency on the part of our mills cannot offset the tremendous wage gap. It is for this reason that our domestic mills seek a tariff to equalize this gap. They ask only for an even break in the American market place with foreign mills.

It should be remembered that United States tariffs are now at their lowest point in history and average only 5.1 percent of the value of imports. This represents sharper reductions than have been made by most other industrial nations: a 68 percent reduction before the 1937 average.

By comparison, Switzerland's tariffs average 8.1 percent of imports, a 47 percent reduction since 1937; France averages 10.6 percent, a 43 percent reduction; Great Britain averages 25.6 percent of imports, a 20 increase above 1937. Only Denmark, Sweden, and Western Germany have reduced their average tariff level since 1937 by as large a percentage as the United States.

However, tariff comparisons tell only half the story. Import quotas, currency restrictions, monopolies, government trading, cartels, and other devices are far tighter barriers to free trade than tariffs—and our business efforts abroad are certainly hampered by these devices. Because, except with respect to quotas on agricultural products subject to price supports, the United States does not engage in these practices it actually permits at this time freer trade than any other industrial country in the world.

We feel that no further reduction in tariff levels are warranted.

We respectfully urge that you represent our views in the Senate and oppose H. R. 1.

Sincerely yours,

JAMES J. GAFFNEY, JR.,
Manager of Industrial Relations.

STATEMENT OF W. ROY KOPP FOR PRESENTATION IN BEHALF OF WISCONSIN, ILLINOIS, AND IOWA ZINC-LEAD PRODUCERS

I wish to present to the Senate Finance Committee a report indicating the present status of zinc and lead mining in the Wisconsin-Illinois-Iowa district. In this connection, I believe that the figures alone indicate very graphically the fact that in our section of the Nation we have been almost completely paralyzed—

for many months now—by the market declines resulting from foreign imports of zinc and lead.

I would like to present a comparison, first of all, of the number of mining and exploration operations in progress, in June of 1952 as compared to March 1, 1955, viz.:

Number of mining operations in June 1952	30
Number of mining operations on Mar. 1, 1955	3
Number of exploration drilling operations in June 1952	45
Number of exploration drilling operations on Mar. 1, 1955	5

It is only by each section of the country bringing before this committee the actual conditions there existing, on a firsthand basis, that a truly complete picture of the status at present of the mining of zinc and lead can be accurately obtained. I have had the privilege of speaking for the mine operators and mine laborers of my State and those immediately across the border in northwestern Illinois on a number of occasions in the past. I ask the privilege of filing this statement rather than presenting my argument in person—only because of the request of the committee that there be no personal appearances from separate areas on this issue.

I want to present our picture by outlining just what has happened during past emergencies and finally in connection with the recent effort of this vital industry to bring to the attention of the Congress, the Tariff Commission and the President our deplorable condition. We have responded in time of emergency in full cooperation with our Government, but we have in time of our need been treated shabbily in return.

The story is a simple one.

1. The need for all-out production in past emergencies

It must be remembered at the outset that regardless of what may be said today as to the needs of the Nation in time of future emergency—and as to our ability to supply those needs regardless of whether our zinc and lead mines are operating or are closed—that heretofore the Government has several times found it necessary to call upon every mine in the country to supply the needs of the national economy in time of war and in time of preparation for war.

During World War I the miners of my district were called upon to go "all out" to open up every mine that could become a producer and to undertake an extensive program of exploration in an effort to locate additional deposits. In Wisconsin lead and zinc are ordinarily found together, so what I am saying at this point is applicable equally to the production of each metal. The Government during World War I offered financial assistance to the mine operator to enable him to stepup production. The result was a tremendous increase in the volume of lead and zinc concentrates shipped out of our district and thus made available for our war needs.

More recently, and during World War II, the so-called premium price plan was inaugurated. Ceilings were placed on lead and zinc markets. Every mine was dealt with on a tailormade basis. Production costs, grades of ore and volume were the factors which determined the premium payment to which each mining venture was entitled—in order to maintain production at 100 percent capacity, and with a fair and reasonable return to the operator. Many new mines were opened up in those days in Wisconsin, Illinois, and Iowa, and many mines long closed were reactivated. Many men who had had some mining experience left the farm and the factory to assist in meeting the mining needs of the country and to respond to the urgent appeal of their Government.

With the passage of the Defense Production Act of 1950, word once more went out from Washington that the needs of the Nation required once again an all-out effort, not only to produce as much lead and zinc as possible but to locate additional reserves. The floor contract and procurement contract program was initiated, RFC loans were made available to those who could not obtain private financing, and exploration loans were offered those willing to match Government funds in a search for badly needed reserves. A tremendous force of personnel was set up in Washington. I personally made trip after trip to present applications for floor contracts and RFC and exploration loans, and to wind my way through the miles of Government redtape involved in the processing of such applications. A number of major producers came into our district in reliance upon the statements by Government officials that lead and zinc were both very critical and would be for an indefinite time to come.

I first came to Washington in the winter of 1950–51, and heard myself the fervent pleas of Government officials to bring in the application of every mining company which could by any means increase the production of these two metals—with any reasonable Government support. I was promised every assistance possible—and speedily. That word was transmitted back to the Wisconsin and the Illinois and the Iowa miner. What happened? Various floor contracts were negotiated to the point of closing. Several RFC loan commitments were made. And then, after many months of negotiations and supplying of technical data requested, these various operators—large and small—were told that the commitments could not be met, that the emergency which had been painted as a long-range one, was over, that the stockpile needs of the Government had been met, and that there was so much lead and zinc being shipped into the country from abroad that the Government had seen fit to cancel out all of the support program, including RFC commitments, except for exploration loans. The exploration program is practically at a standstill because operators cannot now afford to match Government funds. Only a handful of processed applications from my district were actually closed.

2. The status of mining in the Wisconsin-Illinois-Iowa district today

I come now to a consideration of the picture with which we are faced today in Wisconsin, northern Illinois, and southeastern Iowa. Before the serious price breaks in these two metals we had in our district 30 mining operations. Today we have 3, and at least 2 of these will undoubtedly close down if there is a further market decline or if tariff relief is not forthcoming in the very near future. In the summer of 1952 there were 45 prospect drilling machines operating in this district. Today there are five. Already approximately 400 men have been thrown out of employment.

I could cite statistics showing the tremendous reduction in production of crude ore and the equivalent slab zinc but full statistics in this respect for the Nation and the various producing districts individually are available to the committee. Suffice it to say that present production of zinc is less than 40 percent of that in 1952.

3. The past presentation of the zinc and lead case

In May of 1953 we presented our case to the Ways and Means Committee of the House and in support of the sliding scale tariff provisions incorporated in the Simpson bill—as did operators from many parts of the Nation. The bill was reported favorably but when it came to the floor of the House the administration asked that we first proceed under the escape clause provisions of the Reciprocal Trade Act and that only if that procedure did not give us the needed help should we seek special remedial legislation. The Simpson bill did not pass but the Ways and Means Committee of the House and this committee of the Senate passed appropriate resolutions directing the Tariff Commission to investigate and report back. Although in the position of the man watching his home burn while pleading for the need of adequate fire protection for his neighborhood the zinc and lead industry nevertheless proceeded to make a detailed presentation to the Commission and also at the same time petitioned for escape clause relief. The investigation consumed many months and many mine operators held on hopefuly during this period, anticipating and rightfully so that when the true story was told relief under the escape clause would be forthcoming soon and undoubtedly further protection by appropriate legislation later.

What happened? Voluminous and exhaustive reports were submitted to the two congressional committees by the Tariff Commission. The conditions therein set forth are applicable today with one major exception—conditions in most districts are worse than at the time of the hearings before the Commission. The report required under the escape clause procedure was submitted to the President with a unanimous conclusion that further tariff protection was needed and with only one dissent that the maximum increase available under the law should be granted. The report was held at the White House for many, many weeks. The decision was finally announced a few days before the close of the session. Our foreign relations might be jeopardized by complying with the escape clause procedure and hence the President had determined to set up a stockpiling program instead. It was made clear at that time that if this program did not prove successful the President would be prepared to ask for appropriate legislation to give needed relief (or presumably would reconsider his decision to overrule the recommendations of the Commission).

4. The present case for zinc and lead

We now come to the bill which is the subject of hearings before thhis committee and in connection with which this statement is filed. It seeks to again clothe the President with unrestricted powers to follow or ignore recommendations of the Commission and grants to the Chief Executive even greater power to reduce tariffs.

I submit that any fair review of the case for zinc and lead would lead to an understanding of the present position of the industry, namely, that if the Reciprocal Trade Act is to be renewed—and many of us feel it would be far better if the present law were to expire—that it is imperative that the right to determine whether or not a recommendation of the Commission is to be followed in an escape clause case be taken from the President and again returned to the Congress.

Otherwise foreign imports can continue to force our domestic operators to close down and place us even more completely unprepared in time of national emergency. I would like to state parenthetically at this point a fact which is well known to the miner but which may not be appreciated by all of the members of this committee. The mining of lead and zinc in our section ordinarily involves the sinking of a shaft at great expense and the constant pumping of water—24 hours of each day—in order to maintain the underground tunnels sufficiently dry to permit the extraction of ore. When the pumps are turned off these mines fill up completely with water in a very short time, and cannot be reactivated except at tremendous expense, and in some cases the cost of reactivation is prohibitive. The general assumption of people not familiar with mining is that metal production can be started or stopped more or less at will; that it is possible during unfavorable periods to shut down and save the ore for more profitable periods. To visit a mine in operation, seeing the openings supported by massive rock pillars or timbers, the water being pumped, the fan installations to keep proper ventilation, the supervisory organization, the manpower and the specialized equipment needed to sustain active operations would correct this erroneous impression. Even brief closure means high cost to maintain equipment, replace falling timber, and keep the mine pumped out. Long closure makes these activities prohibitive and the mine is abandoned. Then it floods and caves. Supervisory and mining crews are disbanded, making resumption of mining costly and oftentimes prohibitive.

5. The issue—International trade unrestricted or tariff concessions only when domestic essential industry can survive

Senator Alexander Wiley, of my State, has stood for the principle of protection for vital American industry. In speaking as recently as February 17, of this year, in his weekly newsletter to constituents in Wisconsin on the subject of farm imports our Senior Senator said:

"One of the key provisions in the current tariff controversy which will soon be coming up in the Senate, is whether or not Uncle Sam shall have the right to restrict foreign farm imports. The fact of the matter is that we have practically no alternative right now * * * This must, of course, be worked out in a fair and reasonable way so as to result in a minimum damage to international trade. Nevertheless, our greatest obligation is basically to our own citizens—first and foremost."

And, again, one of our Wisconsin Representatives, John W. Byrnes, a member of the Ways and Means Committee, well aware of this problem in our State, expressed this same view in clear language (speaking in the House on February 18, 1955 when H. R. 1 was under consideration)—

"I have emphasized the need to protect our domestic producers from unfair competition because I am very fearful that there have been times when this fact has not been recognized in negotiations and agreements entered into under the authority of the Trade Agreements Act. I share the concern of many in this House that those who administer the act under Presidential directive are sometimes overly anxious and overly enthusiastic about befriending some foreign country and, in their enthusiasm, lose sight of their fundamental obligation to be fair and honest with our own people. That is why I have long been an advocate of the escape-clause and peril-point provisions of the act. That is why I also feel that there is a need for strengthening the present escape-clause provisions.

"Because I believe we must take every precaution to assure protection for our domestic producers against unfair competition from foreign producers, I intend

to vote for the motion to recommit, which has as its objectives the strengthening of the escape-clause procedure."

We are at the crossroads. It must be decided whether we want in this country to keep our healthy mines operating, supplying the great bulk of our domestic needs in normal times and available in case of emergency for stepped-up production, or whether we want to concern ourselves more with the economy of the foreign countries in which these metals are produced, and "let the chips fall where they may," so far as our own mines and mine operators are concerned.

If we are to pump billions of dollars abroad, as we have done, to enable foreign operators to open up and maintain their mines, with lower wages and operating costs, it would seem that we should be at least equally concerned with the needs of our mine operators at home.

6. Conclusion

In conclusion, let me summarize:

(*a*) The need for tariff protection has been clearly demonstrated and is backed by a unanimous finding of the Tariff Commission.

(*b*) The escape-clause relief provided by the Reciprocal Trade Act has been circumvented and the alternative of stockpiling advanced by the President has not accomplished a marked increase or resulted in a decline in the volume of imports.

(*c*) The Reciprocal Trade Act should be allowed to lapse or the escape-clause procedure strengthened by returning to the Congress the authority to carry out the findings and recommendations of the Tariff Commission.

Respectfully submitted.

W. ROY KOPP,

Counsel for Wisconsin, Illinois, and Iowa Zinc & Lead Producers Association.

STATEMENT OF INSULATION BOARD INSTITUTE ON H. R. 1

This statement regarding H. R. 1 is filed on behalf of the Insulation Board Institute, a trade association of domestic insulation board manufacturers.

Insulation board is used principally in buildings as an insulating medium against temperature changes. It is made of wood, cane and other vegetable fibers into sheets ranging from ¼ to 1 inch in thickness which is cut into convenient building sizes. Board seven-sixteenth inch and over in thickness is used in construction as structural sheathing, roof insulation, plaster base lath, building board, or is used in the manufatcure of acoustical tile, interior tile and plank, and insulating siding. Thinner board has a variety of uses ranging from shingle backer and building board to pipe gasket.

An earlier statement regarding H. R. 1 was filed on behalf of the institute with the House Committee on Ways and Means during its deliberations on that bill. That statement questioned the arbitrary percentage figures used in the bill, the proposed power to make unilateral tariff rate concessions (the unilateral feature subequently being removed from the bill), the lack of benchmarks to guide the Executive in the exercise of the proposed new powers to change tariff rates, the proposed extension for over 3 years, and the backhanded approval of GATT implicit in the new broad powers granted in H. R. 1. In deference to the wishes of the Senate Committee on Finance, these points will not be repeated excepting by incorporation by reference herein. Rather, this statement is directed to six other aspects of H. R. 1 in the slightly modified form in which it was passed by the House.

First, the inexplicable and inordinate speed with which this basic legislation was considered in the House and the highly emotional charges and countercharges that have been made concerning it, in light of the unqualified statement of an eminent authority on tariffs to the House that not a single member of that body could say with any certainty what powers H. R. 1 would grant or what its ultimate effects if enacted will be, cause a distasteful and uneasy feeling in the minds of all thinking Americans. There is a vital need for a more sober and deliberate judgment in charting our tariff policy for the next 3 years and 4 months. The present act does not expire for over 3 months, giving ample time for an orderly consideration of the bill.

Secondly, although a stable tariff policy is undoubtedly in the national interest, an extension and broadening of the Executive's authority to negotiate trade agreements and a freezing of that broadened authority for 3 years and 4 months from now is indefensive, at the very time that the Tariff Commission has under-

way the study directed by title I of the Customs Simplification Act of 1954. The 3-year extension provided in H. R. 1 would effectively cripple for nearly 2 years congressional consideration of the Tariff Commission's recommendations to be submitted on or before September 1, 1956. The act should be extended now for but 1 year, to enable Congress to be in a position to consider and adopt more logical and up-to-date commodity classifications.

Thirdly, the broad new tariff changing powers to be granted the Executive in H. R. 1 (to lower all tariff rates annually across the board and to a common ceiling of 50 percent ad valorem, in addition to lowering rates on articles normaly not imported or imported in only negligible quantities) cannot be justified by contentions that have been made that the new powers will be sparingly or gradually used on a selective basis, by this or another administration. The scope of delegated authority cannot be determined legitimately by the extent or manner in which it is now or will hereafter be used by the Executive. Congress, and not the Executive, should determine the scope of such powers, on the only reasonable assumption that powers that are given will be exercised.

Fourth, not only is the basis for the specific percentage limits of the proposed tariff-changing authority unexplained, but that authority would be made applicable not only to present tariff rates but also to those rates that are in effect on next July 1, many of which are now the subject of trade agreement negotiations with Japan, with respect to which significant concessions are expected to be made by the United States prior to July 1. The direct result, of course, is to place the fixing of limits on the Executive's power to change tariff rates under H. R. 1 in large part with the Executive. The limits on power to change tariff rates should be established by Congress with relation to present known rates, otherwise the bill is a blank check.

Fifth, the proposed unprecedentedly broad authority to negotiate with respect to standards of treatment, quantitative import and export restrictions, customs formalities and other matters relating to tariffs, the scope and meaning of which is admittedly unknown, impliedly constitutes congressional approval of the General Agreement on Tariffs and Trade not only as GATT is now framed but in the form that will result from negotiations underway at this very time at Geneva. The proviso inserted by the Ways and Means Committee, that enactment of H. R. 1 would not constitute approval or disapproval by Congress of the "organizational features" of GATT, is inadequate and misleading. Differing as it does from the conventional-type provision previously included on tariff legislation to the effect that enactment of the particular bill would not constitute congressional approval or disapproval of GATT as a whole, this narrow proviso by elemental principles of statutory construction clearly approves by inference the substantive provisions of GATT. The proposed novel authority should be deleted from the bill. If retained, however, the conventional proviso should be added making it clear beyond doubt that Congress will at a later time consider whether to approve or disapprove GATT as a whole.

Sixth, it is particularly anomalous that this proposed basic legislation to stabilize our tariff policy for more than 3 years contains no provisions insuring that the escape clause is to be an effective remedy, in view of the discouraging past practices of the Executive under that clause. It is difficult to see why authoritative findings of fact as to the existence or threat of serious injury to a domestic industry cannot be finally determined by the expert bipartisan tariff arm of Congress, and why the Tariff Commission's findings regarding serious injury should be rendered impotent by being repeatedly ignored by the Executive. Viewed realistically, the escape clause, as presently written and applied is a fictitious, illusory remedy. American industry is entitled to more than the supposed psychological advantage of the presence of the escape clause in the statute. It is entitled to a workable remedy to undo harmful effects of improvident concessions. We respectfully urge that the forthright amendment to H. R. 1 proposed in the House by the ranking minority member of the Committee on Ways and Means be made a part of any extension of the trade agreements program.

For these reasons, we oppose the passage of H. R. 1 in its present form.

Respectfully submitted,

CHARLES M. GRAY,
Manager, Insulation Board Institute.

CHICAGO 2, ILL.

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MINNEAPOLIS-MOLINE CO.,
Minneapolis 1, Minn., March 16, 1955.

ELIZABETH SPRINGER,
Clerk, Finance Committee,
Senate Office Building,
Washington, D. C.

DEAR MADAM: We strongly recommend passage of the Trade Agreements Extension Act of 1955 which is presently receiving the full consideration of the members of this committee. We appreciate this opportunity to present our views on this subject and to substantiate our above recommendation, based on our long experience as one of the leading manufacturers of agricultural machinery in the United States.

There are two basic concepts which are perhaps somewhat peculiar to the farm-machinery industry in this country which must be taken into consideration in any discussion of the legislation before this committee. The first of these is that our industry has found it possible to develop to its present tremendous status even though there have been no protective tariffs of any kind on farm machinery since 1909. The second is that our industry has found it possible to compete with foreign manufacturers not only in our own market but also in practically all foreign markets.

The absence of protective tariffs on farm machinery certainly has not hindered the development of our industry. Citing the case of our own company, gross sales by Minneapolis-Moline Co. have developed from a modest $2,366,000 in 1933 to a high of $90,950,000 in 1951 and $59,601,000 in 1954. Perhaps of even more interest to the members of this committee is the fact that approximately 16 percent of our sales go to foreign countries. We are sure that other manufacturers within our industry can cite similar developments—all of which were accomplished even though no tariffs on farm machinery have been in effect over a period of 46 years.

As regards competition from foreign manufacturers, we know from long experience that United States manufacturers of farm machinery can compete not only in design and quality but also in price. Inroads by foreign manufacturers on our domestic market have been very small indeed, even though our products have not been favored with tariff protection. On the other hand, we are finding it possible to sell our equipment all over the world wherever dollars are available. Competition, whether local or foreign, is a healthy factor which keeps our industry on its toes and which leads inevitably to improved designs and technological advances which can accrue only to the benefit of the ultimate consumer. We realize, of course, that foreign competition will become an increasingly important factor in the years ahead. We have no intentions, however, of asking for protective tariffs on our products. We shall continue to fight this competition with the same weapons we have used in the past: Topflight engineering research tied in with the strongest and most capable organizations for manufacturing, selling, and servicing our equipment which we can possibly develop. We are confident of our ability to compete with foreign manufacturers, and we intend to do just that.

This is not to say, of course, that we are not experiencing difficulties in selling our equipment in certain foreign countries. We certainly are encountering problems in the form of customs duties and regulations and import restrictions. To a considerable extent, however, we feel that these restrictions are being imposed primarily because of a shortage of dollars within the country involved. Of course, this is not true in all cases, but we know it to be a fact that many countries urgently need and could use, in furtherance of their economies, various types of farm machinery which our industry could supply if only dollars were available.

This, then, brings us to one of the major objectives of the legislation before this committee—the expansion of foreign markets for the products of the United States. It goes without saying, of course, that a foreign country must first be in a position to obtain dollars before it can be in a position to purchase products from the United States. In simple terms, a foreign country may obtain dollars in one of two ways, either by supplying the United States with goods and services or by accepting dollar grants or loans from the United States. We believe that the former method is to be much preferred, and we believe, further, that the legislation before this committee will aid immeasurably in promoting this type of trade. We must purchase goods from foreign countries if such countries are to obtain dollars with which to purchase United States goods, and it is our belief

that the proposed legislation provides for a gradual accomplishment of this objective.

We believe that approval of this legislation will aid in checking the Communist drive for world domination. Unless we take steps to encourage the economic development of foreign countries by permitting them to trade with the United States, we cannot expect to combat the propaganda being issued by the Communists. We must develop close economic and political ties with all of the free countries in the world if we are to defeat communism, and it is our belief that one of the best ways to accomplish this objective is to encourage mutual trade between all free countries.

We believe that liberalization of tariff restrictions will aid in the development of the world's economic potential and, in particular, will aid the economies of those countries allied with us. We believe that a gradual removal of trade restrictions as intended by this legislation will permit each country in the world to develop the production of those goods which can be produced by them most efficiently. This, in turn, will result in lower production costs, lower prices, increased consumer demands, and, in general, an increase in standards of living in all of the free countries of the world.

We believe that the legislation before this body will go a long way toward establishing a definite and continuing foreign policy on which our allies can depend, and we earnestly recommend its early passage.

Yours very truly,

W. C. MACFARLANE,
President and General Manager.

STATEMENT OF JAMES A. WHITE, EXECUTIVE SECRETARY, THE TUNGSTEN INSTITUTE, WASHINGTON, D. C., ON MARCH 18, 1955

The Tungsten Institute was established (*a*) to foster the progress and development of the American tungsten mining industry; (*b*) to promote the use of tungsten; (*c*) to afford a means of cooperation between the American tungsten mining industry and the Government in all matters tending to promote the national defense and other matters of national concern; and (*d*) to promote the mutual improvement of its members and the study of the metallurgy of and the arts and sciences connected with the tungsten industry.

Domestic producers of tungsten ores and concentrates now sell their entire output to the United States Government for stockpiling at $63 per short-ton unit (20 pounds to the unit) of WO_3 (tungsten trioxide). The Government purchase program under which domestically mined tungsten is acquired was instituted in 1951 by Defense Materials Procurement Agency under authority of the Defense Production Act of 1950 and designed to acquire within 5 years 3 million short-tion units of WO_3. In 1953 when DMPA was in the process of liquidation and its procurement functions were being transferred to another agency of the Government, Congress very wisely concluded that there was not enough time allowed under the 5-year program to meet its objective by 1956 and enacted legislation (Public Law 206, 83d Cong.) extending the period to June 30, 1958. Section 2 of this act, approved by President Eisenhower on August 7, 1953, sets forth the following policy with respect to protecting the domestic producers against foreign competition: "It is hereby recognized that the continued dependence on overseas sources of supply for strategic or critical materials and metals during the periods of threatening world conflict or of political instability within those nations controlling the sources of supply of such materials gravely endangers the present and future economy and security of the United States. It is therefore declared to be the policy of the Congress that each department and agency of the Federal Government charged with responsibilities concerning the discovery, development, production, and acquisition of strategic or critical minerals or metals shall undertake to decrease further and to eliminate where possible the dependency of the United States on overseas sources of supply of each such material."

In view of this uncertainty shared by informed Government authorities prior to, during, and since World War II of the potential availability of an adequate supply of tungsten from domestic sources for defense requirements, and of the indispensability of tungsten in the manufacture of a wide variety of implements of war, armor-piercing shells, and other munitions and military and naval equipment in which tungsten is used extensively, contractual arrangements were concluded by the Government with producers of tungsten in many foreign countries.

Public Law 520 (79th Cong.) known as the Stockpile Act, recognized the importance of a healthy and vigorous domestic mining industry as paramount to the stockpile itself. This act also provides for the application of the buy-American clause to stockpile purchases. This act called for (1) the acquisition or retention of stocks of strategic and critical minerals and materials, and (2) the encouragement of conservation and development of the strategic and critical minerals and materials within the United States, and (3) the decrease and prevention, if possible, of dangerous and costly dependence of the United States on foreign nations for the supply of these materials in times of national emergency.

The executive branch over a period of years has inaugurated programs designed to finance the exploration and development of foreign ore bodies of strategic metals and minerals and the purchase thereof notwithstanding the warnings of Congress concerning the long and hazardous sea hauls necessary to bring these materials to our shores. During the past decade the executive branch has also encouraged the theory that we are a "have not" nation with respect to many strategic and critical minerals in an effort to discourage the further exploration and development of domestic ore bodies and to encourage the importation of these products.

As of December 31, 1954, 1,460,051 units of tungsten of domestic origin were purchased. Thus 48.6 percent of the quantity authorized was acquired by the end of 1954. During 1954 the purchases of domestically mined tungsten amounted to 860,158 short-ton units, and if that rate continues it is anticipated that the purchase program of 3 million units will terminate in October 1956.

Ninety percent of the domestic producers of tungsten fall within the category of small-business enterprise. These producers have invested large amounts of capital in making their contributions to the defense of our country. If the domestic purchase program should terminate in 1956, practically all of the tungsten mines in the United States will close down because of the inability of domestic producers to compete in the open market with tungsten produced abroad. During the period of the purchase program all of the domestic consumers of tungsten have been buying foreign tungsten at prices below the cost of any of the domestic producers. Tungsten imports, duty paid, have completely taken over the domestic market.

The present duty of 50 cents a pound on contained tungsten was imposed in the Tariff Act of 1930 which rate was cut 24 percent in 1947 in a trade agreement with Nationalist China. This trade agreement was abrogated by the United States when the Nationalist Government of China moved its headquarters to Formosa, at which time the tungsten resources of China, the most extensive in the world, were abandoned to the Communists and thereby made available to Russia and her Red satellites. Only one tungsten mine in the United States was able to operate after the 24 percent cut on the trade agreement of 1947, and this particular mine was at that time, and still is, producing its concentrates at a cost above the market price of tungsten. As a result this one tungsten mine, rather than sell its product at a loss, stockpiled its own production.

Notwithstanding the large imports of tungsten coming into the United States for sale on the open market, our Government has spent considerable money in an effort to encourage the production of tungsten abroad. This money has been provided in the nature of loans for exploration and development work. There are more than 35 contracts still outstanding for the production of foreign tungsten which in the aggregate call for more than 6 million units of WO_3 (tungsten trioxide). This figure, it will be noted, is more than twice the goal set for the domestic purchase program of 3 million units. Also it is worth noting that under the contracts still outstanding for foreign production more than 4 million units are yet undelivered, and many of these foreign contracts will run beyond 1956. The price paid by the Government for a large portion for the tungsten of foreign origin purchased was $65 per short-ton unit.

If a reduction in the duty on tungsten ores or concentrates is authorized and proclaimed as a result of the enactment into law of H. R. 1, it will be impossible for domestic producers of tugnsten and other strategic and critical metals and minerals to compete with the low-cost production of these materials in foreign countries. The present duties on like imports should be studied by the United States Tariff Commission and reappraisals recommended to the President with a view to providing adequate protection to domestic producers who must pay high wages to the American miner in contrast with the low wages paid miners in foreign lands. The duty on tungsten should be three times the present rate if domestic producers are to be protected adequately.

One device often resorted to by other countries desiring to increase their export trade to the United States is to reduce the exchange rates of their currencies in terms of dollars. Exporters ship their products to the United States and receive dollars for them. With dollars they buy their own devalued currencies and use the proceeds to operate their own plants. To the extent that exchange rates of foreign countries are reduced in terms of dollars, foreign exporters are able to purchase greater amounts of their respective currencies. This enables them to realize greater profits.

Thus, the exporter to the United States of foreign produced tungsten can hurdle any tariff wall we may erect by lowering the exchange value of his country's currency, and thereby cause incalculable harm to our domestic producer by underselling him in the open market.

Since the International Monetary Fund was established it has been unable to accomplish its primary objective, namely, to stabilize international exchange rates.

Over the past 8 years the exchange rates of all foreign countries (except Canada) where tungsten is produced in any appreciable quantities have been decreased in terms of United States dollars. On the other hand, mining costs in the United States have increased considerably. Also during the past 8 years no import duties on foreign-produced metals have been increased and some have been decreased. This situation indicates clearly the need for studying carefully the production costs of strategic and critical metals in the United States and costs in foreign countries from which similar metals are exported to the United States.

The principal tungsten-producting countries besides the United States are Argentina, Australia, Bolivia (now the largest source in the free world), Brazil, Burma, Canada, China (known to be extraordinarily rich in all of the most critical of the metals, but no longer an exporter to the United States except for insignificant quantities smuggled through Hong Kong), South Korea (the largest potential source in the free world), Mexico, Peru, Portugal, Spain, and Thailand.

The result of the campaigns inaugurated by the United States Government designed to stimulate the exploration and development of new ore bodies of tungsten in the United States has been most gratifying as evidenced by the fact that in 1954 domestic production exceeded domestic consumption by 3 to 1. This development should encourage the Pentagon to remove all restrictions on the liberal use of tungsten in the manufacture of planes, ammunition, and implements of war, and to encourage extensive research for further uses of this indispensable metal. There are now ample supplies of tungsten available and sufficient ore blocked out in this country to meet any emergency requirements that may arise in the foreseeable future. In the interest of national defense this favorable situation merits adequate protection.

NEUERT, WILTON & ASSOCIATES, INC.,
Chicago, Ill., March 17, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR BYRD: We understand the reciprocal trade bill is now before the Senate Finance Committee and that an amendment has been proposed to curtail oil imports from Venezuela.

In consideration of the importance of this bill, we respectfully urge you to support the reciprocal trade bill without any crippling amendment. We consider this trade bill vital for continued business prosperity and national security in a world threatened by communism.

We ask that you oppose the import quota amendments aimed at Venezuelan oil. Venezuela is a stanch friend and ally of the United States and a bulwark against communism in our Western Hemisphere. Any action which would drastically reduce Venezuelan oil sales to the United States would mean loss of business for 4,000 American firms selling merchandise to Venezuela and threaten the jobs of 170,000 American workers employed in producing goods purchased by Venezuela. On the other hand, the benefit to the American soft coal industry arising from the proposed legislation would be of extremely limited value. It would have harmful repercussions throughout Latin America and hand the Communists a propaganda weapon of enormous value.

We sincerely thank you for your consideration and support to this urgent request.

Respectfully,

H. NEUERT, *President.*

THE HALL CHINA CO.
East Liverpool, Ohio, March 17, 1955.

Honorable HARRY FLOOD BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: The purpose of this letter is to tell you of the depressed condition not only of this company, but of the entire American Pottery Industry, and urge you to oppose the renewal of the Reciprocal Trade Agreement Act as embodied in H. R. 1.

Our employees have for many months been working only about 3 days per week on the average. The reason for this is, mainly, the ever increasing quantity of china and earthenware imports, principally from Japan. These Japanese imports are sold, landed duty paid, in the United States markets at prices far below our costs of production.

For example, Japanese individual teapots, which are exact copies of our shapes and designs, are being sold here for $2.25 per dozen net. Our price for the same shape and size that the Japanese copied is $9.90 per dozen net. The reason the Japanese can undersell us to such a great extent is because the wages in the Japanese potteries are one-ninth of the wages we pay. The average pottery worker in Japan is paid 19 cents per hour, while our average wage is $1.70 per hour. This difference in wage rates becomes doubly important in our industry where wages amount to 65 cents of every dollar of sales. For our company for the year 1954, wages paid amounted to 67.04 percent of our sales dollar.

You, of course, are familiar with the fact that United States tariffs on the average are very low. On the basis of 1951 data, the percentage ratio of custom duties collected to total value of imports was only 5.1 percent, and the United States occupied the eighth lowest place in a group of 38 countries using the above ratio. In 1953 the average ad valorem equivalent rate on all dutiable imports had been reduced to 12.2 percent, which certainly is not a high tariff.

We in the industry are tremendously concerned and are wondering—

1. Is our government going to build up the pottery industry of Japan and in so doing destroy our pottery industry here?

2. Do members of Congress feel that it is more important politically, economically, or morally to provide a Japanese potter with a job than it is to have a trained American potter employed?

We strongly urge that you oppose H. R. 1, but if it is inevitable that it be passed, make it possible that a quota be established on imported products which are destroying industries and wage opportunities for trained American workmen.

Respectfully yours,

M. W. THOMPSON,
Treasurer and General Manager.

STATEMENT OF M. C. FIRESTONE, REPRESENTING THE UNITED WALLPAPER CRAFTSMEN AND WORKERS OF NORTH AMERICA (AFL) ON H. R. 1, TRADE AGREEMENTS EXTENSION BILL OF 1955

This statement is being submitted on behalf of the United Wallpaper craftsmen and Workers of North America, a labor union representing the production employees in the wallpaper manufacturing and the print roller manufacturing industries of America.

We have testified before the House Committee on Ways and Means hearings on H. R. 1 as to the economic hardships experienced in our industry resulting from the unfair competition of imports. Among other things, we related the history of the decline and fall of the highly skilled American print roller craftsmen who, in the 1920's, were compelled to go on the public relief rolls as a direct result of competition from imported print rollers which forced the wages of their craft far below subsistence level. In conformity with the wish of your committee we will not duplicate the testimony given before the House committee as that is a matter of record available to you.

We do, however, wish to supplement the testimony given before the House committee with recommendations for amendment to H. R. 1 for adequate pro-

tective measures for American industry and labor placed in an unfair competitive position in the domestic market by foreign importations. We have learned from repeated experiences of American industry seeking remedy against import injury that administration of the escape clause is a farce. The escape clause of 1951 was designed specifically to provide remedy for import injury to American industry and labor. The record of the operation of the clause to that end is a dismal one. The records bear out that case after case of injury investigated under the escape clause by the Tariff Commission which recommended remedial action has been denied relief by executive veto of the Commission's recommendations.

We urge this committee to rescue the escape clause from its ineffective state by providing for the submission of Tariff Commission recommendations to Congress for final disposition instead of the White House.

We have no quarrel with the principle of expansion and encouragement of foreign trade in goods that is not unfairly competitive and results in no serious injury to the American wage earner. But where import competition endangers the entire program of working conditions and the job security of American workers, it should be recognized as elementary justice, that our foreign trade policy provide adequate protection against unfair import competition.

Our union demands and has the right to expect adequate protection against the impoverishment of our American standards of living at the hands of foreign competition, particularly when such impoverishment results from our own Government's foreign trade policy.

We respectfully urge this committee to recommend the adoption of amendment to H. R. 1 which will provide adequate measures for appropriate and speedy relief from economic hardships resulting from the unfair competition of imports. Let not our legislative efforts on the subject of foreign trade result in the adoption of what will eventually prove to be a job export program.

Respectfully submitted.

M. C. FIRESTONE, *Secretary-Treasurer.*

COMMITTEE OF AMERICAN STEAMSHIP LINES,
Washington 6, D. C., March 18, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: The Committee of American Steamship Lines, representing 15 of the largest United States-flag carriers, desires to be recorded in opposition to any artificial quota restrictions on the importation of residual fuel oil.

It is our position that a limitation on the amount of residual fuel oil which could be imported would merely reduce the available supply and result in increased prices on the remainder. Increased fuel costs would be an additional competitive disadvantage to the American-flag merchant marine and would unfortunately not be of any advantage to the coal industry, since it could not result, insofar as the steamship industry is concerned, in any increased coal consumption.

We respectfully request that this letter be made a part of the record of hearings on H. R. 1.

Very truly yours,

ALEXANDER PURDON.

THE GENERAL PACIFIC CORP.,
Los Angeles 21, Calif., March 17, 1955.

Hon. HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SIR: We understand if H. R. 1 is adopted, foreign prices quoted in the United States on linen fire hose will go even lower than at the present time.

If there is a further reduction in tariff, foreign competition will definitely cause the linen hose manufacturers to discontinue making this item and the companies who do not manufacture anything else will be forced into bankruptcy.

The prevailing prices now are so low through fear of foreign competition, something should be done to raise the tariff on this item.

Linen fire hose is a small business in this country but very essential for fire protection.

For example, 80 percent of all linen hose sold is 1½ inches diameter size and the material and labor cost alone for this size is around 17 cents per foot, plus approximately 5 cents factory burden, 2 cents administrative cost, or a total of 24 cents and as foolish as this may sound—it is being sold at 23 to 24 cents per foot, delivered to any place in the United States. This means sales show no profit and, in many cases, an actual loss.

Our understanding of the import tariff on linen fire hose is as follows:

On July 17, 1930, a tariff rate of 19½ cents per pound plus 15 percent of the total value was established for linen fire hose importing.

January 1, 1939, the tariff was dropped to 10 cents per pound plus 7½ percent of the value.

This was done because of the war and there weren't sufficient supplies of linen fire hose available in the United States.

However, after the war, on April 1, 1947, the import tariff rate again reverted to the original basis as established July 17, 1930.

There are only about 5 manufacturers of linen fire hose in the United States and while the industry is small, as stated before, they are making a very essential item and the Government should offer them the proper protection from foreign competition in order to keep these manufacturers in business.

For your further information, linen hose is used for inside fire protection in all classes of buildings such as hospitals, office buildings, and the Government is by far the largest purchaser of this item for use in their various buildings for fire protection.

Hope you will agree that if the tariff has not been raised on this item for about 25 years, the committee should do everything possible to raise the tariff on linen fire hose instead of lowering it, and we are sure all the manufacturers would greatly appreciate this cooperation.

With best wishes and thanking you for whatever you may do to have the tariff raised on linen fire hose, we desire to remain,

Yours very truly,

E. K. PAINE,
General Sales Manager.

SEAFOOD PRODUCERS ASSOCIATION,
New Bedford, Mass., March 17, 1955.

Senator HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building,
Washington 25, D. C.

DEAR SENATOR: Passage of the present Reciprocal Trade Agreements Extension Act, better known as H. R. 1, would be a major step toward a paternalistic form of Government in the United States, which is, to say the least, repulsive to our constitutional republican form of government. Laws passed concerning civil rights that are found to be contrary to the provisions of our Constitution are held invalid and are therefore void. Should not trade laws that are contrary to the provisions of our Constitution be just as invalid and therefore just as void? Section 8 of article 1 of our Constitution specifically charges that "Congress shall have the power * * * to regulate commerce with foreign nations." Congress has no right to divest itself of any of its constitutional duties and the executive branch has no right to meddle into affairs that rightfully are those of the Congress.

The Reciprocal Trade Agreements Act of 1934, drawn up in the hysteria of depression, gave unprecedented powers to the President in the realm of foreign commerce. The intent of this law was to stimulate commerce between nations and to promote friendship between those nations. Needless to say, both intentions were frustrated, as can readily be seen in the numerous import barriers adopted by foreign nations and the numerous wars and conflicts the world has experienced in the last two decades. The Reciprocal Trade Act is a failure. Why must we continue to give life to this unsuccessful abnormality? Is it because we are too petty to admit a mistake or can it be that the questionable forces that prompted the original act are still at work: the same forces that have been steering us toward socialistic paternalism and world government?

It is very evident that the only ones who would be hurt by passage of H. R. 1 would be Americans. More industries would be lost and more workers would

be unemployed. A number of bills have been drawn up to allegedly counteract the disaster that will inevitably follow, but if you will note, each one pertains to increasing industrial and personal dependence upon the Federal Government. Among the proposals are margins for American industries when bidding against foreign competitors for Government contracts, the extension and increasing of unemployment compensation to workers thrown out of jobs by foreign imports, the retraining and relocating of workers, subsidized retooling, and Government loans to ruined industries, etc. Doesn't it startle you to realize that each and every "remedy" so far proposed places the industries and the individuals totally under the sponsorship of the Federal Government for their very existence? Was it for this kind of existence that our forefathers fought a bloody revolution?

By such laws as H. R. 1 the Federal Government is given the power to destroy our industries and our jobs. We are then ripe to accept the gratuities of a paternalistic Federal Government.

The President has promised not to destroy industries. By what iniquitous route have we traveled to have arrived at a point where one man can make the statement that he will not destroy the Nation's industries? Where is the "Government by the people" when one man can control the destinies of our industrial existence? Where is the representation in a government that can whimsically prop up or destroy our industries at its will? In the Senate lies the only hope for a return to our senses and to the representative form of government which our Constitution guarantees us. For the Members of the Senate to do anything except to overwhelmingly defeat the Reciprocal Trade Agreements Act would be for them to violate their sacred trust to uphold and defend the Constitution of the United States.

Respectfuly yours,

JOHN F. LINEHAN, *General Manager.*

UNITED STATES RUBBER CO.,
Woonsocket, R. I., March 16, 1955.

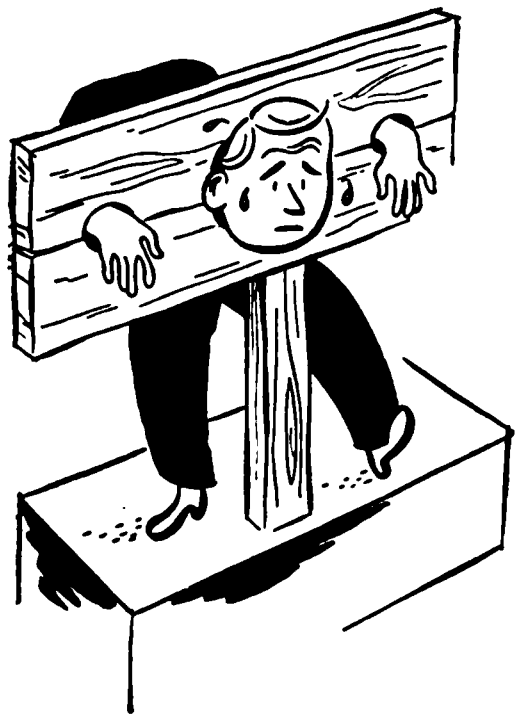
Hon. H. F. BYRD,
United States Senate,
Washington 25, D. C.

DEAR SENATOR BYRD: As chairman of the Finance Committee of the Senate, you will be interested in the enclosed advertisement which appeared Monday evening in our local paper, the Woonsocket Call. Many of our employees have written letters to our Rhode Island Senators and Representatives directing attention to the serious problem which passage of the Cooper bill (H. R. 1) would present to the workers of Rhode Island.

We urge you to use your influence to defeat this bill, which puts the American manufacturers, especially the manufacturers of rubber footwear, where labor costs are a high percentage of the production cost, in an extremely unfair competitive position.

Very truly yours,

H. N. BARRETT,
General Superintendent.



If an American Manufacturer paid his help 9c an hour he'd be JAILED

YET should he be asked to compete with foreign goods produced by 9c an hour labor?

H.R. 1, now passed by the House and pending in the Senate, is a bill authorizing the administration to make drastic cuts in import tariffs. These tariff reductions would open the American market to goods produced in foreign countries at rates such as these:

China	$.09	France	$.33
Japan	.19	West Germany	.44
Italy	.28	Great Britain	.47

American producers of rubber footwear, as one of the industries affected, could not survive that kind of competition. American rubber footwear producers would go bankrupt . . . American rubber footwear workers would be without jobs.

Today, the American rubber footwear industry supports more than 22,000 employees in about 50 plants in 13 states. One of these plants is in our town. Some of those 22,000 workers are your neighbors. Surely you do not want the anxieties and miseries of additional unemployment to come to Woonsocket — to your friends and relatives.

The American rubber footwear industry is not afraid of fair competition. But what is fair about the kind of competition proposed under H.R. 1? We need sensible, intelligent import tariffs just as we need other laws to protect our health and economy.

If you are in favor of fair competition and the rights of your neighbors to earn a living, write to your Congressmen and tell them that you are opposed to H.R. 1.—Prompt action is necessary.

Telephone U. S. Rubber (5380) for a suggested letter or write your own and send it to:

The Hon. Theodore F. Green United States Senate Washington 25, D. C.	The Hon. John O. Pastore United States Senate Washington 25, D. C.	The Hon. Aime J. Forand U. S. House of Representatives Washington 25, D. C.	The Hon. John E. Fogarty U. S. House of Representatives Washington 25, D. C.

This advertisement is sponsored by the employees of the U. S. Rubber Company and Local No. 224, U.R.C.I.L.P.W.A., C.I.O

WASHINGTON AND UNITED NATIONS SEMINARS,
New York 16, N. Y., March 17, 1955.

The Honorable HARRY FLOOD BYRD,
Senate Office Building,
Washington 25, D. C.

MY DEAR SENATOR BYRD: I am writing to ask you as chairman of the Finance Committee, to do all that you can to see that the Reciprocal Trade Agreement Act is passed by the Senate. I am not aware of your views on this subject, I must admit, but knowing a little of your record, I believe that you would be in favor of passage of this act, without crippling amendments.

It is my understanding that it has not been reported out of the Finance Committee as yet. American Baptists have gone on record favoring a more liberal trade policy and we feel the Reciprocal Trade Agreements Act, which passed the House last month is in need of passage in the Senate without amendments which make trade even more difficult for other countries.

We know your committee is more than busy with many heavy and serious obligations, but we hope that the bill may be reported out very soon.

Yours most sincerely,

(Miss) MIRIAM R. CORBETT.

SUNLAND OLIVE CO.,
Terra Bella, Calif., March 16, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SIR: We are writing this to list our opposition to bill H. R. 1.

Our company has been in the California olive business for almost 50 years and have been part of the struggle that has taken the industry from its early beginnings of an experimental nature to its present prominent position as one of the leading agricultural industries of California, representing an impressive capital investment in both the orchard and plant facilities.

Historically, olive oil and green olives have been imported under a low tariff duty and at prices that have made it almost impossible for the California farmer and processor of these products to compete profitably. The California canned ripe olives has consequently been the backbone of this industry. The fact that we have been face to face during the past 6 months with a major threat of canned ripe olives being imported from abroad has made us realize the gravity of our situation. Actually, the industry desperately needs some additional tariff on olive oil and green olives and to survive must successfully guard itself against any possibility of the importation of the canned ripe olives from abroad.

Our industry trade association, the California Olive Association of San Francisco, has written you letters. Under their letter of March 8, they have given you a more complete analysis of our situation with which we are entirely in agreement.

We request you to make our oppositilon to this bill a matter of record with the Senate Finance Committee who are holding hearings on it.

We have the honor to remain,

Yours very truly,

G. K. PATTERSON, *Partner.*

CITY CLUB OF CHICAGO,
Chicago 2, Ill., March 17, 1955

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: This is to inform you that the City Club of Chicago is on record as favoring the passage of the Trade Agreements Extension Act of 1955, and we hope you will do what you can to expedite its enactment.

The City Club's position is based on the recommendation of its national affairs committee, which considered the provisions of the act and also reviewed the Randall report dealing with the subject.

Yours very truly,

M. L. LOEWENBERG,
President.

LOS ANGELES, CALIF.,
March 18, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

I have been a Republican for 40 years but never a high tariff Republican. Strongly urge passage of President Eisenhower's reciprocal trade extension as originally proposed, without limiting amendments particularly disturbed by talk of oil import quota, which could have serious repercussions in my brake compound business.

DAN LEVI,
Vice President, COP-SIL-LOY, El Monte, Calif.

HORNE PROPERTIES, INC.,
Falls Church, Va., March 16, 1955.

The Honorable HARRY FLOOD BYRD,
United States Senator, Washington, D. C.

DEAR SENATOR BYRD. It is my understanding that legislation is now pending before the Senate to impose a quota restriction of 10 percent of demand on residual fuel imports into this country.

Because of my interests and those of my associates, in a large garden apartment project in Fairfax County, I urgently solicit your opposition to this pending legislation. In my opinion, it is not only excessively burdensome to rental apartment projects and commercial operations but is not in the best public interest.

Respectfully yours,

H. A. NAISBITT.

LOS ANGELES, CALIF., *March 18, 1955.*

HON. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

As an exporter of domestic oil products to Venezuela and other Latin American countries, am keenly interested in passage of H. R. 1 without any amendments which would curtail free trade with that area, disturbed by reports of Neely amendment, as any quota on residual fuel oil would seriously hurt Venezuela and reduce that country's ability to buy my products.

CARL WYNN WYNNOIL CO.
Azusa Calif.

LEE HALL, VA.,
March 17, 1955.

HON. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR: I am writing you in opposition to the proposed Neely amendment to the reciprocal trade bill that is now before the Senate Finance Committee to limit imports of heavy fuel oil.

Since domestic refinery production of heavy fuel oil is steadily declining, this restriction on imports will, of course, result in higher prices to my customers which will materially affect my business.

As stated above, I am very much opposed to this amendment and anything you may feel that you can consistently do in defeating it will be greatly appreciated.

With kindest personal regards, I remain.

Yours very truly,

D. C. CURTIS.

PERFECTION STOVE CO.,
Cleveland, Ohio, March 18, 1955.

Subject: Trade bill H. R. 1.

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate, Washington 25, D. C.

DEAR SIR: We are seriously alarmed over the slight margin by which the trade bill H. R. 1 passed the House of Representatives.

United States industry will suffer unless a general sound policy of international trade is adopted. If imports are restricted and tariff barriers are erected, there will be a resulting reduction of income in many foreign countries.

Correspondingly, Perfection's export business will be substantially decreased with the result that our production will be cut back, labor will have to be reduced and earnings and taxes thereon will suffer.

Amendments which would set import quotas on residue fuel oil would substantially mean the loss of our Venezuelan business.

In addition to this, we believe that the following facts demand your fine attention and consideration:

1. It is hardly probable that the restriction of the importation of oil will be beneficial to the coal industry or to the independent producers of oil because the reasons for their difficulties have other origins.

2. It cannot be doubted that such restrictions will be the direct cause of serious damages to our commercial relation since Venezuela will have to reduce her oil production by 20 percent and the nation's earnings will diminish more than $100 million.

3. In 1954, 5.3 millions of tons of iron with a value of 80 million bolivares (Venezuelan monetary unit) were exported from the Venezuelan territory.

The importation of iron has a basic importance, not only for North American siderurgy, but also for the inter-American and continental security.

4. Sales to Venezuela would be reduced in a greater proportion than the decrease inflicted upon Venezuela. In North America, Venezuela purchases two-thirds of the merchandise which she imports at a value of $600 million.

5. Venezuela, in order to continue her process of improvement, would be forced to accept the collaboration which she needs from other countries; this certainly will not be a contribution to developing and strengthening the continental American solidarity of which we are fervent advocates.

We firmly urge you to vote for trade bill H. R. 1 in its present state.

Very truly yours,

DONALD S. SMITH, *President.*

AMERICAN PUBLIC POWER ASSOCIATION,
Washington 6, D. C., March 18, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: The American Public Power Association, representing over 800 local publicly owned electric utilities in 39 States and Puerto Rico, wishes to register its opposition to the Neely amendment to H. R. 1. We believe this amendment would place unwarranted restrictions upon crude oil imports.

The membership of this association consists primarily of municipally owned electric utility systems, many of which use oil for fuel in their steam and/or diesel engine generating facilities. According to testimony presented before your committee, the restriction on crude oil imports which would be imposed by the Neely amendment would create a shortage of supply which cannot be compensated from domestic sources. A shortage of supply of crude oil or residual fuel oil not only would result in price increases for this type of fuel, but also would jeopardize the source of supply for those municipal generating stations which are dependent solely upon diesel engines for their power generation, and hence could not switch to an alternative fuel such as coal.

It should also be noted that the cost of fuel represents about 65 to 85 percent of the total production costs of generating electrical energy. Therefore, an increase in the price of fuel oil might well force an increase in electric rates of those utilities dependent upon residual oil for generating their supply of electricity.

In the interests of our member utilities and the consumers of electric power, therefore, we strongly urge your committee to reject the Neely amendment to H. R. 1.

Sincerely,

ALEX RADIN, *General Manager.*

INDUSTRIAL FASTENERS INSTITUTE,
Cleveland, Ohio, March 17, 1955.

ELIZABETH B. SPRINGER,
Clerk, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MISS SPRINGER: With reference to your telegram of March 4 concerning testimony of our people on H. R. 1, we are pleased that you are digesting statements made before the House Ways and Means Committee.

Our presentation before your committee would be similar to the testimony before the House Ways and Means Committee—with this one possible addition.

If we assume that it is desirable to have exports equal imports in dollar values then certain American industries would still be operating at a great and measurable disadvantage with the foreign producer. This is true because the foreign producer produces from 2 to 10 times the number of units for the same amount of dollars it would cost the American producer.

In other words, if an American manufacturer exported $1 million of a product and his selling price was $1, he would export 1 million units.

If the foreign manufacturer exported $1 million worth of similar units and his selling price was say 25 cents per unit he would export 4 million units.

To this extent the American producer would face the destruction of his own markets to the extent of 4 to 1 even though the export and import totals balance out at $1 million.

Miss Springer, if it is possible to add this in some way to the record as a statement of our group, it would be appreciated.

Cordially,

FRANK MASTERSON, *President.*

GRIFFON CUTLERY CORP.,
New York, N. Y., March 10, 1955.

Hon. JERE COOPER,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I am chairman of a committee of importers of scissors and shears.

I have recently read the testimony of several domestic manufacturers representing the Shears, Scissors, and Manicure Implement Manufacturers Association given before your committee in connection with hearings on H. R. 1. Their testimony appears commencing with page 1997 of the printed minutes.

1. The Shears, Scissors, and Manicure Implement Manufacturers Association represented that the annual sales of scissors and shears for the year 1950 by domestic manufacturers were $23,415,000 with 2 manufacturers reporting. They claim that sales volume for the year 1954 was only $11,890,000 with 28 manufacturers reporting.

These figures are deceptive in that the alleged report for the year 1954 omits the sales made by 6 of the 17 regular members of the Shears, Scissors, and Manicure Implement Manufacturers Association. To that extent, your committee has suffered an imposition.

2. A recent study of representative reports drawn on domestic manufacturers reveals no serious injury to domestic manufacturers whatsoever, i. e. company 1 (a regular member of the Shears, Scissors, and Manicure Manufacturers Association) reports a slowup during the middle months of 1954, but an upswing in the last 3 months. Company No. 1 claims their operations continued profitably, and their earnings are being retained to increase their net worth. Company No. 2, a large factor in the industry (and a regular member of the Shears, Scissors, and Manicure Implement Manufacturers Association), reports sales volume increased during 1954 as compared with the volume of 1953 with operations at a profitable level. Company No. 3, also a major factor in the industry (and a regular member of the Shears, Scissors, and Manicure Implement Manufacturers Association) states that its volume is main-

taining a strong trading position with operations continuing along profitable lines.

Obviously there has been no serious injury to the domestic manufacturers of scissors and shears as shown from their credit information.

3. The total of imports of scissors and shears from Western Germany and Italy have not increased as claimed (p. 2009). The facts are that total imports of the type complained before the Tariff Commission were only $1,504,523 for the year 1954, and $1,403,439 for 1953, and not the purported $3 million as set forth on page 2007 of the minutes by the representative of the Shears, Scissors, and Manicure Implement Manufacturers Association.

4. (*a*) Domestic manufacturers of scissors and shears are now attempting to associate themselves with a new theory of those demanding higher tariff, to the effect that their industry is essential to the war effort. A case can be made for every commodity manufactured in the United States to the effect that the same is essential to the war effort. On the basis of such argument we should cut off all foreign merchandise coming into the United States. Naturally the interest of the United States today with respect to its allies calls for "Trade not aid." To a certain degree foreign merchandise must come into the United States if we are to sell foreign countries our commodities. Scissors and shears are civilian items.

(*b*) The Shears, Scissors, and Manicure Implement Manufacturers Association have stressed the alleged skill necessary to make surgical instruments. With the introduction of carborundum coated belts for grinding and polishing it is now possible for an inexperienced person to readily learn polishing and grinding. Most of the alleged delicate operations in the making of surgical instruments are now done by milling machines, the operation of which is almost entirely automatic.

(*c*) Representations have been made concerning plants which have lately discontinued the domestic manufacture of scissors and shears, (p. 1999). Some of these plants have allegedly gone out of business for personal reasons best known to the manufacturers, i. e. dissolution of partnerships. Some have quit labor areas in populated Northern States in favor of southern labor climates. Some commenced liquidation prior to the commencement of active importation. Some have reopened under different names. Unmistakably the fact remains that the domestic manufacturing of scissors and shears for those engaged in the business is a profitable enterprise as indicated by the credit reports of representative firms in the industry.

5. If the tariff were increased, domestic monopoly would ensue and the market would be cornered by a few domestic manufacturers, with the public at their mercy.

6. In the light of the above, the words of the President of the United States in respect to a tariff increase on scissors and shears on May 11, 1954, are apt:

"* * * There is also a question as to the adequacy of the data on the financial experience of American producing firms presented in support of their claim of serious injury from imports.

"It is questionable whether such audited financial statements requested by the Tariff Commission as were finally submitted, by firms accounting for little over one-third of the domestic production, constitute a "representative sample." The majority of the firms, including some of the most important members for the eight firms which did furnish them showed a higher net worth during the latest year than any preceding period.

"This report does indicate that the last few years have seen a substantial increase in imports of scissors and shears, and that the shipments from domestic plants have not been maintained at the exceptionally high level of 1948–50. In view of the large war-deferred backlog of demand during those years and the fact that the usual European sources of supplies have not yet been fully restored during that period, a useful basis of comparison is with the years immediately before the war. So viewed, it appears that the value of the domestic shipments of scissors and shears has been running at about three times that of prewar, with the early months of 1953 showing some recovery over the previous slackening. The volume of imports has leveled off since the high point in 1952, with the rate of importation during 1953 and early 1954 somewhat below that of 1952.

"My inquiries with respect to the affected companies indicate that they are not in a depressed condition, nor are the employees in the industry producing scissors, shears, and related products suffering—or about to suffer—any reduction in wage rates, earnings, or opportunities for employment."

I am impelled to write this letter to you in view of the testimony of representative members of the Shears, Scissors, and Manicure Implement Manufacturers Association before your Committee.

Respectfully yours,

ALFRED L. GRIFFON.

ROCCA BELLA OLIVE ASSOCIATION,
Wallace, Calif., March 18, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C

HONORABLE CHAIRMAN: We wish to go on record as being opposed to H. R. 1 unless some means of exempting olives under its provisions can be found.

Canned ripe olives have been and are the principal product of our industry with olive oil, Spanish type, oil cured, Sicilians, etc., supplementary or byproducts.

Much study and industry cooperative effort have been given to processing, canning and distribution of California ripe olives. However, as only a portion of the State's crop is available for such use, the revenue to growers from the supplementary use has been of paramount importance. Because of the lack of effective tariff protection on olive oil and the Spanish type, the return to growers and processors has rendered their production unprofitable and seriously affected the total return on the entire crop.

Recently, the industry has been faced with the major threat of canned ripe olives from abroad. While at present, this is but a threat, it is undoubtedly an indication of things to come. As stated above, much study and effort has been expended on this product by the California industry to the end that the growth of olives has become one of California's foremost tree crops.

Should canned ripe olives enter the United States under the same conditions as do other olive products at the present time, the industry could not survive. As a matter of fact, because of its dependence on returns from types other than canned ripe olives, the industry has suffered greatly from lack of adequate protection on these so-called byproducts.

As an indication of the importance of the industry in the State's economy, the following figures will interest you:

(*a*) There are approximately 30,000 acres of olives in bearing in the State with a value of $35 million.

(*b*) The annual labor factor in harvesting, processing, canning and distribution runs upward of $10 million.

(*c*) The sales of the canned product is approximately $20 million.

For these reasons, we are opposed to H. R. 1 and wish to have our opposition made a matter of record.

Very truly yours,

LOUIS B. SAMMIS, *Secretary Manager.*

WOODLEY PETROLEUM CO.,
Houston, Tex., March 18, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR MR. CHAIRMAN: My brief policy statement in support of H. R. 1 and in opposition to legislative restrictions on petroleum imports is tendered to you herewith for filing as a part of the record of the hearings by the Senate Finance Committee on H. R. 1, pursuant to the invitation extended at the meeting of the committee on Friday, March 11, 1955, to those present and not testifying to file such written statements as they may desire.

While my statement is made in my capacity as vice president of Woodley Petroleum Co., I ask that the statement be accepted by the committee also on behalf of the following companies of which I am an officer as indicated:

(1) Great Northern Oil Co., St. Paul, Minn., vice chairman of the board;
(2) Woodley Canadian Oil Co., Houston, Tex., president; and
(3) Minnesota Pipe Line Co., St. Paul, Minn., president.

I shall be grateful if you will permit this statement to form a part of the record of the hearings of your committee on H. R. 1.

Sincerely yours,

MARLIN E. SANDLIN.

UNITED STATES NEED FOR FOREIGN OIL, A BRIEF POLICY STATEMENT IN SUPPORT OF H. R. 1 AND IN OPPOSITION TO LEGISLATIVE RESTRICTIONS ON PETROLEUM IMPORTS BY MARLIN E. SANDLIN, VICE PRESIDENT, WOODLEY PETROLEUM CO., HOUSTON, TEX.

BASIC PRINCIPLES FOR CONGRESSIONAL SANCTION

(1) Foreign oil imports should supplement and not supplant domestic oil production.
(2) National defense and security of this Nation.
(3) Stimulate reciprocal trade with free nations of the world.
(4) Protect investments abroad and in this country geared to foreign oil.
(5) Steer clear of Federal control of the oil industry.

FOREIGN OIL HAS SUPPLEMENTED—NOT SUPPLANTED DOMESTIC OIL

(1) The vigor, vitality and good health of the domestic oil industry is living testimony to the fact that petroleum imports have supplemented but have never supplanted domestic production in that:

(*a*) Nearly all branches of the oil industry are now operating at all-time levels.

(*b*) In 1954, production was slightly below 1953 levels, but the total value of crude oil produced (estimated at 6.4 billion) set a new high.

(*c*) In 1954, 53,000 wells were drilled, a new record, and indications given in January 31, 1955, issue, of the Oil and Gas Journal are that an even greater number of wells will be drilled in 1955.

(*d*) Recent survey of McGraw Hill Publishing Co. of overall industry capital spending plans for 1955, indicates a small reduction on the whole, except for the oil industry which indicates an increase.

(*e*) In the postwar period, domestic capital expenditures in the oil industry were approximately $30 billion, an average annual rate of $3.3 billion.

(*f*) Plans for 1955 show an estimated capital expenditure of $4.9 billion for the oil industry.

(2) The Pacific coast shows every indication of continuing to be short of high gravity refining crude.

(3) The oversupply of heavy crude on the Pacific coast is due to the loss of outlets for heavy fuel oil—not by reason of imports of heavy fuel oil—not by reason of imports of heavy crude—but, because the consumers have elected to use gas and the railroads have elected to dieselize their locomotives.

(4) Residual fuel oil imports on the east coast of the United States for fuel energy is in competition with gas and coal and cannot be supplied by the domestic refining industry due to geographical location of heavy crudes and to the fact that domestic refiners are not interested in processing unprofitable residual fuel oil in any greater quantities than they are compelled to do in competition for their sources of crude.

(5) The statistics show that the coal industry has no valid complaint against foreign residual fuel oil for loss of its market, inasmuch as even as late as the year 1953 only 6 percent of the loss in the bituminous coal market could be attributed to the foreign residual fuel oil.

DEFENSE AND SECURITY

(1) Reserves and consumption: The United States has about 22 percent (29 billion barrels estimated) of the free world's reserves of petroleum (130 billion barrels estimated). Current United States consumption of oil and its products is about 60 percent of the total consumed by the free world. Middle East reserves are estimated at 81 billion barrels or about 63 percent of the total proved petroleum reserves of the free world.

(2) United States must see to it: (*a*) That the Middle East reserves are kept out of communistic hands; and

(*b*) That the Middle East oil has a reasonable share of the free world's markets.

(3) United States backlog of producing capacity: (*a*) Reserve producing capacity is liberally estimated at about 1,900,000 barrels daily, but, without foreign oil (estimated at about 1,350,000 barrels daily, including crude oil and products), the backlog would represent only about 600,000 barrels daily.

(*b*) United States started World War II with about 1 million barrels daily reserve producing capacity and ended the war with essentially no spare producing capacity, even with domestic production having been substantially supplemented by foreign oil throughout the war and without the availability of which victory in the last war could have come only through the most drastic rationing conceivable.

(*c*) The President's Materials Policy Commission under chairmanship of William S. Paley, in reporting to the President, June 2, 1952, declared:

"But no matter how large the Nation's petroleum resources ultimately prove to be, one fact is now clear: Eventually the resources will dwindle and become progressively inadequate. One warning signal has already appeared; within the last 5 years United States demand for crude petroleum has begun to outstrip domestic production, and for the first time the United States has become an important net importer.

"This recent development suggests that the United States, faced with an approximate doubling of oil demand by 1975, will find it economical to turn increasingly to foreign supplies and eventually to liquid fuel from shale and coal."

RECIPROCAL TRADE

(1) The basic concept of the reciprocal trade program of the United States with the free nations of the world has required minimum barriers against foreign oil.

(2) Trade policies of narrow economic nationalism would destroy the United States leadership in urging free nations to liberalize their trade and foreign exchange restrictions.

(3) It would be suicidal for the United States in its leadership among the free nations to discriminate among foreign crude sources.

(4) President Eisenhower stated on February 9, 1955:

(*a*) That his administration had been trying to liberalize trade on a reciprocal basis, particularly in selective commodities;

(*b*) That progress had been made in the last 2 years in eliminating quotas from normal practices of Government with respect to trade; and

(*c*) That he would deplore seeing the country going backward and establishing quotas by law.

INVESTMENTS GEARED TO FOREIGN OIL

(1) Maintenance of foreign investments at points appropriate to the status of the United States as the dominant creditor nation is an integral part of the President's "trade not aid" foreign policy.

(2) United States firms cannot continue the present level of investments in the development of foreign oil resources if legislative restrictions are placed on the movement of the oil to the United States.

(3) Drastic legislation could jeopardize the investments of the United States stockholders already made in developing foreign oil resources for free world consumption.

(4) United States domestic investments geared strictly to transportation, processing, and marketing of foreign oil under long-term contracts consistent with existing foreign trade policies of the United States should not be discriminated against in favor of domestic investments geared to domestic oil.

FEDERAL CONTROL OF OIL INDUSTRY

(1) Quota legislation, or any other form of legislative restrictions on petroleum imports, is just another form of Federal control of the oil industry. Federal control of the oil industry in any form is inimical to our system of free enterprise and to our American way of life so long as the public interest is not otherwise placed in jeopardy.

(2) The oil industry is time tested as being ready, able, and willing to stand the rigors of extreme emergency in the interests of national defense and national security and at the same time "wash its own soiled linen" within the industry.

(3) The operators within the oil industry who would seek restrictive control of oil imports for their own self-interests (to make more money faster, they think) are either newcomers to the scene or their memories of the Ickes era of the oil industry have faded.

FUNDAMENTALS

(1) Constitutional guaranties of our form of government and our democratic way of life call for a cease fire of Government regimentation of free enterprise.

(2) The evils of Federal control over the oil and gas industry are just as evil today as they were in the Ickes era.

(3) Legislation designed to restrict the importation of crude oil and fuel oil is no less evil than the nationalistic and confiscatory powers now vested in the Federal Power Commission over the regulation, production, and utilization of the energy resources of the United States.

(4) The oil and gas producers asking Congress to free them from the shackles of the Federal Power Commission are wholly inconsistent in asking the same Congress to place legislative shackles on certain of their fellow oil and gas producers for the purpose of allowing quicker and greater riches (they think) under our system of competitive free enterprise.

(5) Peddlers of propaganda and half-truths among the proponents of restrictive import legislation should wear labels of self-interest.

(6) The combination of the coal interests with certain independent oil and gas producers as proponents of restrictive import legislation is an unholy alliance conceived in sin and born in inequity with birthmarks of self-interest.

(7) The coal interests in this country have no right to ask the Congress to regiment consumers in their choice of energy resources. If the consumers ask to cook with gas on their front burners, let them. If the railroads want to dieselize, let them.

(8) The oil and gas industry is time tested in its ability to manage its affairs in the best interests of national security and of the national economy in an emergency.

(9) Members of trade associations often find themselves hoodwinked by ambitious programs of full-time leaders of such associations designed to build a hierarchy around them for long-range control and regimentation of their membership.

(10) The proponents of paternalistic legislation on oil imports fail to recognize that all producers of oil and gas in this country are wholly in agreement with the principle that foreign imports should supplement and not supplant domestic production.

(11) The reciprocal-trade program of this country for the last two decades has been a tower of strength to the President of the United States in our efforts to establish peace throughout the world. Let us not kindle the flame of economic gain with fuels of peace and self-defense.

STATEMENT CONCERNING ZINC MINES OF NEW MEXICO BY JOSEPH H. TAYLOR, VICE PRESIDENT OF PERU MINING CO. AND NEW MEXICO CONSOLIDATED MINING CO.

The large importation of zinc from foreign countries and the dumping of foreign zinc from accumulated stockpiles held by foreign countries has had a disastrous effect upon the zinc-lead mining industry of New Mexico. During April 1952, when the price of zinc started to break, New Mexico ranked fifth among the States in production with 5,079 tons of recoverable zinc. During 1954 but 7 tons of zinc were produced in New Mexico. Lead-zinc mining has been a stable industry in New Mexico for many years and was continued during the depression years of 1930 to 1939. During World War II this mining industry produced a considerable portion of the lead and zinc required for our armed services as evidenced by the following production figures:

Annual recoverable zinc produced from the State of New Mexico according to the U. S. Bureau of Mines statistics

Year	Zinc	Lead	Year	Zinc	Lead
	Tons	*Tons*		*Tons*	*Tons*
1925–29 average	23,351	6,730	1947	44,103	6,383
1938–42 average	34,446	4,688	1948	41,502	7,653
1943	59,524	5,723	1949	29,306	4,652
1944	50,727	7,265	1950	29,263	4,150
1945	40,295	7,662	1951	45,419	5,846
1946	36,103	4,899	1952	50,975	7,021

The break in prices for lead and zinc, starting during the spring of 1952, was not caused by lack of consumption of these metals nor by increased domestic production of these metals but by increased imports of these metals and dumping of foreign metals. These imports of zinc continued and during July 1953 imports of zinc in all forms reached 85,212 tons while the consumption was but 74,204 tons. This shows 11,008 tons more imports than requirements and all domestic mine production of recoverable zinc is surplus.

The tariffs on zinc metal and zinc ore have been lowered by successive reciprocal-trade agreements to seven-tenths of a cent and six-tenths of a cent per pound respectively and on lead and lead ores to one and one-sixteenth of a cent and three-quarters of a cent per pound respectively. During this period of successive reductions in tariffs, the cost of production in this country has more than tripled due to increased wages paid to our miners and higher cost of supplies. The wages paid to miners in many of the countries shipping lead and zinc to this country are less per day than our miners receive per hour. It is evident that the present tariff is so small that it is no protection to our mines nor to our miners.

The United States Tariff Commission saw fit to state in a report for the period 1949–1950: "In most foreign countries embargoes, quotas, licensing, and exchange control regulations have become more important than tariffs as means of restricting imports." With the possible exception of Canada, every foreign country sending lead and zinc here has within the past few years devalued its currency. The weighted average of such devaluation based on imports of lead and zinc is in excess of 27 percent. These foreign countries have taken advantage of our Trade Agreement Act which reduced tariffs by controlling their imports and dumping their products to get dollars, and, in addition, many of them have received aid and funds to build up their zinc-lead industry and later have shipped these metals into this country at very low prices.

Following is a list of mines which produced zinc during the fiscal year ending June 30, 1952, as given by the State inspector of mines. The number of employees as given by the State inspector of mines as of April 1952, are tabulated below. The total for April 1952 is 1,254. At present only a fraction of these are employed in maintenance and in starting one mine.

These mines were in operation during 1952 producing zinc ore

County and mine:	*Number of employees, 1952*
Grant:	
Atlas	5
Hanover	153
Oswald No. 1, Oswald No. 2	162
Hornet	19
Groundhog	311
Kearney, Pewabic	277
Shingle Canyon	6
Royal John	12
Kentucky Lease	5
Bullfrog, Combination, Hobo, Pearson, Princess, Slate	232
Luna:	
Cooks Peak	4
Mahoney	2
Socorro:	
Linchburg	32
Nitt	8
Waldo	7
Hidalgo:	
Homestake	2
Silverhill	3
Santa Fe:	
Pennsylvania	4
Tom Payne	10
Total, 26 mines	**1,254**

Many of these employees received unemployment compensation for 24 weeks. Some have found employment elsewhere and many are still unemployed. Their families have been obliged to accept a lower standard of living. In most every mining community for each mine employee there are other people employed in

services, transportation, power, and professions, who directly, or indirectly, are supported by the operation of the mine. These are also affected.

The annual report by the State inspector of mines for the year ending June 30, 1952, shows the value of zinc production in New Mexico as $13,273,709 and the lead production $1,987,928, a total of $15,261,627. More than half of this was paid to the people of New Mexico in wages and salaries. The remainder went for power, transportation, taxes, supplies, and miscellaneous items, including profits.

Over the past two decades, less than one-third of the zinc required in the United States came from foreign mines and more than two-thirds from domestic mines. It is not our wish to prohibit the importation of zinc and lead but to control the importation and protect our domestic mining industry. The industry is not asking for a tariff when the prices of lead and zinc are high, but does want some protection that will stop dumping of foreign metal and will keep our domestic mining communities from becoming ghost towns.

Suggestions have been made for subsidies, premium prices and price supports. All such methods require appropriations by the Federal Government and are not conducive to economical production in the mining industry. A quota system has also been suggested. However, because of the fact that lead and zinc come in as ores, concentrates, and refined metal, it would appear that there would be some difficulty in administering the quota system. It is not our desire to advocate high tariff to cut off imports but rather protection to control dumping.

It is to be remembered that during World War II, in order to cope with the emergency, the lead-zinc mines exhausted their reserves and were unable to carry on sufficient exploration and development to maintain such reserves and that in May 1949 the price fell so low that many mines were forced to close or mine the richest ores to keep going. Then, during the so-called police action in Korea, when there was a ceiling of 17½ cents per pound, and later a ceiling of 19½ cents per pound on zinc, the foreign price was as much as 50 percent higher and domestic consumers were unable to get their requirements.

To sum up: The excessive importation of lead and zinc from countries having low wage scales has had disastrous effect upon the domestic mining industry. Hundreds of men in New Mexico are out of work. All zinc mines in this State were closed down during 1954. This is becoming progressively worse, and in an emergency the cost of reopening these mines will be increasingly high. In our opinion, tariff protection is required to save the lead-zinc mining industry of New Mexico.

SOFT FIBRE MANUFACTURER'S INSTITUTE,
New York 20, N. Y., March 18, 1955.

Hon. HARRY F. BYRD,
Chairman, United States Senate Finance Committee,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR BYRD: The Soft Fibre Manufacturers' Institute has not requested an opportunity for oral presentation of its views before your committee. Its position was set forth at length—and unfortunately to no avail—in the statement filed with the House Ways and Means Committee in opposition to the extension of the Reciprocal Trade Agreements Act as proposed in H. R. 1. (See pt. 2, hearings before the Committee on Ways and Means, House of Representatives, 84th Cong., 1st sess., on H R. 1 * * * pp. 1915–1919 inclusive, and part of p. 120—letter to the Honorable Jere Cooper chairman House Ways and Means Committee: summary of statement to the Soft Fibre Manufacturers' Institute: list of members of the Soft Fibre Manufacturers' Institute with locations of their factories and sales offices.)

That statement described the soft fiber manufacturing industry; its place in the domestic economy; its contribution to foreign trade and its essentiality in national security, thus establishing a justification for the industry's position on tariff protection.

The statement urged the Ways tnd Means Committee:

(*a*) To establish a national policy which would bring about fair competition in the labor factor as between the United States and foreign countries, and not require American industry to "compete at the expense of the standard of living of American labor";

(*b*) To devise criteria and the means of their application which would relieve industries essential to our national economy and defense from the periodic

jeopardy and uncertainties implicit in international trade treaty negotiations authorized under Trade Agreement Acts;

(*c*) To have Congress determine the amount of protection required for the products of domestic industries to insure a strong national economy, and never permit such vital decisions to be made at Geneva or elsewhere abroad in international conferences; and

(*d*) To postpone all action on H. R. 1 or any other measure which would extend Executive authority to negotiate trade agreements until after the decisions of the current GATT negotiations with Japan and other countries at Geneva are promulgated and become available for consideration of the Congress.

Because trade treaties negotiated under the so-called Reciprocal Trade Agreements Acts have already injured the domestic flax spinner and weaver members of the soft fiber manufacturing industry, and because present duty rates afford inadequate protection on all products manufactured by the industry from imported flax, hemp, and jute fibers, the added and extended delegations to the executive branch of congressional responsibilities and powers, as embodied in H. R. 1, give rise to serious misgivings.

The continued corporate existence of domestic spinners of jute rove and yarn is presently in jeopardy by the negotiations with Japan and other countries at Geneva. The Soft Fibre Manufacturers' Institute, therefore, earnestly petitions your committee either to amend H. R. 1 with adequate safeguards or to report a substitute measure.

The amendments intended to be proposed in the nature of a substitute by Senator Watkins, referred to the Finance Committee on February 25, 1955, appear designed to eliminate many of the evils inherent in H. R. 1 as it passed the House. As we understand the measure, Senator Watkins proposes:

(1) A shorter period of extension to June 30, 1957, with less power to cut duties;

(2) Elimination of the obscure references to GATT and full restoration of the caveat regarding GATT in the present law;

(3) Provision of added criteria for determining injury—caused or threatened to domestic industry—and for prevention "or remedy of such injury or threat thereof";

(4) Requirement that the findings of the Tariff Commission shall be reported to Congress; and

(5) Increasing the membership of the Tariff Commission to 7—not more than 4 of the Commissioners "shall be members of the same political party."

In the belief that Senator Watkins' substitute bill would afford better protection to the United States and to its industries and workers by returning the final determinations to Congress where they constitutionally belong, we respectfully urge that the Senate Finance Committee report this measure, or some measure embodying equally vital safeguards, to the Senate in lieu of H. R. 1

Very truly yours,

GEORGE F. QUIMBY,
Secretary-Treasurer.

RESOLUTION OF JOHN R. ARMELLINO ASSOCIATION, WEST NEW YORK, N. J.

Whereas the John R. Armellino Association of West New York, N. J., is a civic and political organization dedicated to the welfare of the people of West New York and of its members, and

Whereas West New York, N. J., has approximately 80 percent of the lace and embroidery industry of the United States centered within the town, and

Whereas the economy and welfare of the said town of West New York and the people thereof is intimately bound up with the continued operations and prosperity of such industries, and

Whereas foreign laces and embroideries, based on extremely low living standards and wages would ruin our said industries if allowed to be indiscriminately dumped on American markets, and

Whereas current proposed blanket tariff reductions, if enacted into law, would directly result in such dumping to the grave detriment of said industries, the town of West New York, and many families and people thereof: Now, therefore, be it

Resolved, That the John R. Armellino Association go on record in opposition to any such tariff reductions as regards laces and embroideries; and be it further

Resolved, That this organization urgently petition the President of the United

States, the Secretary of State, the Secretary of Commerce, and appropriate committees and Members of Congress to refrain, at all costs, from the enactment of any such tariff reductions on laces and embroideries.

Unanimously adopted: February 28, 1955.

RAYMOND GABRIEL, *President.*

Attest:

EDWARD LONG, *Secretary.*

SAN FRANCISCO, CALIF., *March 22, 1955.*

The Honorable HARRY BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

The Export Managers Association of San Francisco, representing 40 major firms in the San Francisco area with payrolls totaling 36,000 employees and dependent upon exporting 20 percent of their production, hereby fully endorses H. R. 1. As exporters we have resolved that United States should pursue constructive and realistic tariff policy which will encourage maximum flow of international trade. We urge that Congress support the President's proposals to stimulate trade and reestablish foreign markets for sale of our products. We sincerely believe that extension of the Reciprocal Trade Agreements Act is essential to accomplish healthy commerce between nations and to promote our basic concept of free enterprise among the peoples of the free world. Failure to enact H. R. 1 could cause serious unemployment in the firms hereby represented as well as in many nonmember firms in this area.

EXPORT MANAGERS ASSOCIATION OF SAN FRANCISCO.

STATEMENT OF VICTOR TURPIN, SECRETARY-TREASURER, ATLANTIC FISHERMEN'S UNION, ON H. R. 1, TRADE AGREEMENTS BILL

The Atlantic Fishermen's Union is an affiliate of the Seafarers' International Union of North America and the American Federation of Labor. It speaks for the union fishermen in the fishing industry of New England.

The New England fisheries have suffered serious injury and in certain cases irreparable damage in recent years from unrestricted imports of frozen fish fillets, fish blocks or slabs, and fish sticks. Consequently, we strongly object to the passage by Congress of H. R. 1 in its present form.

The present depressed condition of the groundfish fillet industry of New England is the direct result of virtually unimpeded import competition. The experience of this industry illustrates clearly what may happen to any domestic industry under the trade agreements program with a negative administration of the escape clause.

The New England fisheries have gone before the Tariff Commission twice since 1951 under the present escape-clause procedure. The first effort failed before the Tariff Commission itself. The Commission split along party lines. In the second investigation, the Tariff Commission recommended an import quota to the President. The president rejected their recommendations. Little wonder that all confidence in the administration of the escape clause has been shattered.

The increasing unemployment in New England fisheries is largely the result of the mounting imports of groundfish fillets, fish blocks and fish sticks of cod, haddock, and ocean perch.

The magnitude of these imports can be more appreciated when they are compared with the 1939 and early postwar imports. In 1939 they amounted to approximately 9 million or about 8.7 percent of our domestic consumption. After the war imports began to rise steadily. By 1948 they reached 53 million pounds or 28.1 percent of domestic production. Today imports are 2½ times that volume. Over half of our total market has now been taken over by imports. The record high figure in 1954 of 135 million represents approximately 52 percent of our domestic consumption. These figures speak for themselves. They show how relentlessly imports are taking over our market.

The principal competitive advantage enjoyed by our foreign competitors lies in the lower wages they pay, the lower labor standards to which they adhere and the lower costs of materials.

There are also other factors that contribute to the unfair price advantage enjoyed by them. In Iceland, for example, fishermen and fish processors enjoy

government subsidies and favorable currency conversion rates. These favorable conversion rates result in a higher return to the fisherman for his product.

Fishermen in Canada are assisted through low cold storage charges and low rates on loans and insurance.

But for these government aids, they could not sell at the low prices that sometimes prevail in the United States market.

Present United States import duties are utterly inadequate. They have no effect at all on the flow of imports.

The development since 1953 of fish sticks, cut from fish blocks, was looked upon as a great boon to the industry. Unfortunately the hopes have not materialized as far as the domestic fishery is concerned. Imports have indeed increased sharply but the domestic production has declined. The high point in domestic production was reached in 1951. In that year it reached 148 million pounds. In 1954 production had declined to 126 million pounds. During the same period imports went from 87 million pounds to 135 million pounds. Thus while domestic production of fillets dropped 22 million pounds, imports increased 48 million pounds.

Yet, in the face of this situation two escape-clause actions failed to give us any relief. The trends were clear and unmistakable and were set forth in the hearings.

As a further indication of how we have fared under the trade agreements program, let me call attention to the present situation with respect to the duty on fish sticks.

In 1954 Congress passed a bill (Public Law 689, 83d Cong.) providing for a duty of 20 percent on uncooked fish sticks and 30 percent on cooked ones.

This was fine; but the law has not yet gone into effect. The bill provided that the rates were to go into effect only after any conflict with existing international obligations were negotiated. No such negotiations have yet been carried out. The law is a dead letter up to date.

This is an example of the extent to which the hands of Congress have been tied by our membership in GATT (the General Agreement on Tariffs and Trade). Congress has found that its freedom to legislate has been narrowed by an international agreement that contains provisions never authorized by Congress itself.

The purpose of the 1954 act was to remedy an oddity in the tariff. Fish blocks and fish sticks are new products. As classified under the customs administration, the duty on fish sticks is less than the rate on fish blocks, the raw material from which the sticks are cut.

However, we now find that such a correction cannot be made without going through the clumsy and time-consuming procedures under GATT.

We would urge therefore that H. R. 1 correct the situation that has deprived Congress of its effective legislative powers in shaping our tariff and foreign trade policy.

Certainly the escape clause should be strengthened so that the intent of Congress would be carried out. Under the existing administration it is a farce. We don't like it because it provides no remedy and because we don't like to be deceived. It would be better to abolish it outright than to leave its administration as it now is. That at least would be honest.

H. R. 1 as it now stands would give the President even broader powers than before. That would literally be adding insult to injury and we are unalterably opposed to it.

WESTCHESTER OIL TRADE ASSOCIATION,
Mount Vernon, N. Y., March 16, 1955.

SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.

GENTLEMEN: Since the Westchester Oil Trades Association has been unable to receive permission to appear before your committee, will you kindly have the following statement of our position on oil import quotas incorporated into the record of your hearing on the extension of the Reciprocal Trade Agreements Act.

We are opposed to the Neely amendment to limit oil imports to 10 percent of domestic demand. A restriction of this nature would decrease the supply available for commercial and industrial consumer use and would have the effect of increasing the cost of all fuels.

Furthermore, we do not believe that oil import restrictions would help the coal industry, but that consumers affected by heavy oil import quotas would turn to

other automatic fuels at higher cost and increased expenditure for equipment.

We urge the committee to oppose the Neely amendment in the interest of maintaining the right of consumers to purchase the fuels of their choice.

Very truly yours,

CHARLES S. SICHEL, *President.*

FEEDRIGHT MILLING CO.,
Augusta, Ga., March 21, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: There are many heads of industry, particularly of those arising in the new South, who are concerned about the fact that there is a possibility of weakening the tariff protection afforded industry in this country. We wish to register our earnest request that you lend your support to that school of thought that would protect our industry from further depreciation in the economic grinding going on under so-called reciprocal tariff adjustments.

This great Nation was projected in the past from the Atlantic to the Pacific Ocean based upon the protection afforded our industry and the consequent wealth accumulated has been generously shared with other nations. Its economy can be destroyed unless it is protected by our own selves. Of course international trade today is complicated, but we are giving away raw materials to low standard of living countries who are shipping it back to ruin our own industry.

As stated above, we earnestly ask that you stand firm in this attitude of help to our industry at this crucial time, and we would appreciate some expression from you.

Yours very truly,

R. E. BARINOWSKI, *President.*

NEW YORK, N. Y., *March 21, 1955.*

Hon. HARRY F. BYRD,
United States Senator, Virginia,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Independent Tanker Associations comprised of licensed officers and unlicensed personnel sailing on tankers of several of the major oil companies heartily endorse the Neely amendment to H. R. 1 which would require that 75 percent of oil imports must enter the United States in American-flag vessels. Testimony supporting this was given by John J. Collins, the adviser to these independent associations during the hearings before the House Ways and Means Committee. This is a matter we believe of the greatest possible urgency. The United States must have sizable tanker fleet under the American Flag both for war and for peace. This can be done with no expense to the taxpayers through subsidies if the Neely amendment is accepted. Tankers that are presently registered under such foreign flags as the Panamanian, Liberian, and Honduran even though they are owned by United States citizens are not controlled by the United States regardless of what some people may say to the contrary.

The recent international incident involving the Finnish tanker *Aruba* demonstrated clearly that if seamen are determined to sail or not to sail a vessel to a port in time of war or threatened war they have the power to do so. Tankers registered under foreign flags bring petroleum to the United States regularly but the seamen on these vessels are not American citizens and the Coast Guard cannot screen them or in any other way exercise any control over them. If, therefore, they are unsympathetic to the principals for which this Nation stands they could become not only a serious threat to our security through sabotage in American ports but more important they could take the tanker on which they are sailing to an enemy rendezvous or enemy port. Apart from the fact that there is a vital question of national security involved in seeing to it that there be a reasonably sized American-flag tanker fleet to serve our countries needs in war and in peace there is the additional problem that these vessels have denied to American seamen opportunities to work at their regular calling. It is a well-established fact that seamen cannot be trained quickly particularly key unlicensed ratings and licensed officers for the job of sailing a tanker. It is imperative therefore for this reason that there continue to be a reservoir of trained regular seagoing merchant marine personnel that this Nation can call upon in time of war and that as American citizens are afforded reasonable op-

portunities of employment in time of peace. Your approval of the Neely amendment requiring that 75 percent of the petroleum products coming from foreign to the United States by vessel be carried in American-flag vessels will indeed be appreciated by the men and officers of these Independent Tanker Associations and will contribute we are certain to our national security as well as further economic stability in this segment of the American Merchant Marine. Thank you for your support.

Respectfully yours,

INDEPENDENT TANKER ASSOCIATIONS,
JOHN J. COLLINS, *Adviser.*

TESTIMONY SUBMITTED BY INDEPENDENT TANKER ASSOCIATIONS REQUESTING A REQUIREMENT THAT 75 PERCENT OF ALL PETROLEUM AND PETROLEUM PRODUCTS THAT ENTER THE UNITED STATES BY VESSEL BE CARRIED IN VESSELS OF AMERICAN FLAG REGISTRY

Mr. Chairman, honorable members of the Senate Finance Committee, we submit this testimony on behalf of several independent tanker unions all of which are the certified collective bargaining agents for their respective groups of both licensed and unlicensed personel and radio officers on American flag tankers owned and operated by several of the major oil companies such as Esso Standard Oil Co., Socony Vacuum Oil Co., the Texas Co., Tide Water Associated Oil Co., Cities Service Oil Co., and American Trading & Production Corp.

Our purpose is to try to establish clearly and unmistakably that:

(1) The American merchant marine in general has declined sharply from its postwar peak.

(2) That this has been particularly noticeable as far as tankers are concerned, partly perhaps, because these are unsubsidized vessels.

(3) That during this same period importation of oil has shown a sharp increase.

(4) That each year since 1946 the percentage of such petroleum brought into the United States from foreign sources in American flag tankers has declined steadily.

(5) That it is a universally accepted fact that without an adequate tanker fleet this Nation could not have done as much as it did in the winning of World War II.

(6) That in any future global contest the lack of an adequate tanker fleet will spell defeat.

(7) That unless something is done and done speedily, the American flag tanker fleet will not be adequate, either in ships or in trained personnel to be part of that fourth arm of defense.

We trust that this testimony will help to provide information that will show unmistakably that a healthy American flag tanker fleet is not only a domestic benefit to all who participate in the activities of such an American flag tanker fleet, namely those who build the ships, those who repair them, those who man them, those who store them, those who insure them, etc., but that it is also a primary prerequisite in planning for security since the problems of logistics in global warfare are predicated on adequate ocean transportation facilities.

We bring this matter to you, because we know that you are concerned with the problems of America; we know that as our fellow Americans and as our Representatives in this great Nation you will do your utmost to listen patiently, examine thoroughly and act courageously on suggestions that may be made to keep America safe and provide our Armed Forces with an adequate fourth arm of defense.

We do believe that in so doing there can be no criticism of your action except by those who knowingly or unknowingly subordinate the interests of this our beloved country to some other interest.

Although our statement primarily is concerned with tankers it must be pointed out at this time that the entire American merchant marine has declined sharply since 1946 and the end of this decline is not yet in sight. Only as recently as last Thursday it was reported in the Journal of Commerce that Maritime Administration officials told members of the House Merchant Marine Committee that this country does not have either the cargo ships or shipbuilding facilities to meet mobilization needs. These men certainly ought to know the situation. But what of the tanker picture?

In the last few years we have become alarmed at what has happened to that part of the American flag tanker fleet that had been transporting petroleum from foreign areas to the United States.

In 1948, according to statistics issued by the Bureau of Census of the Department of Commerce, 76 percent of all crude oil and petroleum products imported to the United States by tankers was carried in American flag tankers.

In 1949 the figure dropped to 71 percent.

In 1950 it went to 55 percent.

In 1951 it was 50 percent.

In 1952 it droped sharply again to 40 percent.

In 1953 it continued its downward movement, sinking to 35.5 percent.

Based on figures for the first 8 months of 1954 the percentage will fall further to approximately 30 percent.

In other words in 7 years the percentage of oil imports carried by American flag tankers has dropped from 76 percent to 30 percent—and this during a period when there has been a steady rise in oil imports. In short—at a time when it would have been possible to enlarge the American tanker fleet due to a tremendous amount of oil being imported to this country, our American flag fleet has declined.

Some figures on the increases in amounts of oil imported to the United States since 1946 will further highlight the great discrepancy that has developed in the transport of that oil as between American flag and foreign flag tankers. Total imports of petroleum and petroleum products to the United States from 1946 to 1955 were as follows:

	Barrels daily		*Barrels daily*
In 1946	377,000	In 1951	844,000
In 1947	437,000	In 1952	958,000
In 1948	513,000	In 1953	1,050,000
In 1949	645,000	In 1954	1,065,000
In 1950	850,000	In 1955 (estimated amount)	1,200,000

That this 1955 figure may be even higher is indicated by the new high reported for the week ended January 28 of 1,545,200 barrels daily.

We are in no position to say whether or not the amounts of oil imported are necessary to our economy and to our security, but we most certainly are in a position to say that if the trend toward importing this oil in foreign flag vessels continues it will do serious economic damage to our American merchant marine as far as tankers are concerned, and will place this Nation in a most vulnerable position from the standpoint of its security.

If we are going to be a partial have-not Nation as far as available petroleum is concerned it is imperative that we carry a goodly portion of that petroleum in American flag vessels.

It is reported that Admiral Nimitz, at the beginning of World War II, said that victory was a matter of "Beans, bullets, and oil." Before the war ended he changed this statement around a bit to read, "Now it's oil, bullets, and beans."

In World War II the United States supplied an estimated 69 percent of the petroleum demands of ourselves and our allies. To keep a single armored division fighting for one day required 60,000 gallons of gasoline. The contribution in cargoes lifted made by our hastily built World War II fleet of freighters and tankers staggers the imagination even of Americans accustomed as we are to astronomical figures—44 million tons in 1942; 62 million tons in 1943; 78 million tons in 1944; and 83 million tons in 1945.

To express it another way—8,500 tons of cargo (almost a shipload) were delivered every hour of every day and night during the last year of the war. Petroleum and its products accounted for 35,109,145 tons, or 99 percent of the total of bulk liquid shipments.

Of course, to accomplish this job there were casualties, very serious casualties. Most of these occurred during the first year and a half of our participation in the war. Final figures put the number of American merchant ships of over 1,000 gross tons sunk in World War II at 733, or more than half of our prewar merchant marine. The number of seamen and officers, either dead or missing, was 5,638. An additional 581 were made prisoners of war. A high price for civilian sailors to pay, but there was no alternative.

And so, gentlemen, we could continue to mount statistics to establish how vital it is to our national security that we have an American flag fleet, in being—prior to any hostilities. To expect that we may have the time to build a fleet that was our good fortune in World War I and World War II is wishful think-

ing. We can have an adequate American flag fleet in being, and accomplish this without any cost to the taxpayers through subsidies, simply by requiring that a fair portion of the petroleum that is brought to the United States for consumption by Americans be carried in ships of American flag registry and manned by Americans. A fair portion, we believe, should be 75 percent.

Such a requirement may seem to some to be an oversimplification of the problem of maintaining an adequate American flag tanker fleet. However, while the solution seems simple, and we believe it is simple, the difficulty perhaps will lie in convincing some that while such legislation will be discriminatory, it will be discriminatory in the very best sense of that term, namely in choosing to protect the interests of Americans both now and later by providing the means for maintaining a fleet.

Since we have raised this question of discrimination it might be well to look at it more closely and determine whether or not legislation of this sort can be defended from an international point of view. We believe it can.

First, because the broad public policy of any government should be, and is, to protect the primary interests of its own citizens. On occasions this is accomplished by complete free trade. On other occasions it is accomplished in the form of subsidies to one's own nationals. On still other occasions a type of legislation such as is here suggested, namely a requirement that American flag ships be used to carry cargoes destined for the United States is the most suitable. It also, we believe, has the added virtue of being less costly to the taxpayer than subsidies. Finally, it is the best guaranty that there will be available both in peace and in war an adequate American flag tanker fleet.

Some, it is true, will talk about the desirability of free trade and the harm that will be done by legislation of this sort because it will result in retaliation by other maritime nations. This, however, we contend is not a valid argument because other nations today are discriminating in all manner of ways in favor of their own citizens. Evidence of such discrimination was compiled by the Chief of the Foreign Economics Branch of the Maritime Administration and submitted to the Committee on Merchant Marine and Fisheries during the 81st Congress. The ways and means whereby foreign governments have aided their citizens in the establishment of a merchant marine were truly astounding. Not an angle was overlooked, from currency manipulation to discriminating quarantine and berthing regulations and practices.

Navigation acts and other forms of assistance to one's own citizens engaged in merchant shipping is a very old custom. It dates at least from the Phoenicians. It was practiced with great skill in earlier centuries by such nations as Spain, Portugal, France, and particularly England. It is being practiced today by almost every nation under the sun. Those of us who in principle subscribe to the concept of free enterprise normally are not in favor of anything be it private monopoly or governmental restriction or any other type of interference with the free flow of commerce that will do violence to the principle of free enterprise.

However, all of us live in a very real world; and all of us have seen, both on the domestic front and on the international front, that it has become increasingly a part of public policy for governments to concern themselves with the welfare of their own citizens. Such interest exists all the way from minimum wage legislation to social security. I certainly am not here today to argue the merits or demerits of such policies. I merely call attention to them.

By so doing it will be abundantly clear that what these independent tanker associations are asking Congress to do is in the public interest as a peacetime measure since it will help those who gain their livelihood from the American merchant marine and as a measure of national security it will have the broadest possible benefits to all Americans. Yes, and benefits to our allies as well.

We have bargained over the years with the very largest, the medium, and the very small oil companies. The results of our bargaining generally have been good, we believe. Good for the seamen, good for the companies, and good for the country. We have pioneered in programs that go far beyond the guaranteed annual wage. Agreements between these independent unions and the oil companies have brought about stability of employment in an industry marked by a flotsam jetsam condition as far as employment is concerned.

The record of service, for example, of the officers and men on the tankers of these oil companies during World War II as far as actual time put in on vessels during a calendar year far surpassed that maintained by those employed through the recruitment and manning organization of the War Shipping Administration. This agency considered their record good and pointed with pride to the fact that

the average seaman hired by them during wartime was spending 7 months out of the year aboard a vessel. The officers and men on ships represented by these independent tanker associations were averaging 11 months out of 12 aboard ship.

This reservoir of qualified, competent and loyal personnel has been built up painstakingly over many years. Many fringe benefits have been negotiated by these associations and the oil companies expressly to build up stability of employment. And it hasn't always been easy to obtain all these benefits even though we were dealing with companies which generally were fair, and which maintained enlightened labor policies.

But, gentlemen, when it comes to competition with foreign-flag vessels we are beaten. How can we expect the average oil company which is in business for one reason and one reason only, namely to make a profit, to bring oil to the United States in American-flag tankers when that oil can be brought to the United States in foreign-flag tankers by the same company at approximately one-third the cost.

While it is true the extra benefits which we have achieved in bargaining for our people do represent an added cost to these oil companies, we feel they receive benefits too in qualified, loyal, and stable personnel.

But how can we bargain with a particular company, or even a group of companies, and ask them to use American-flag ships to transport oil to the United States when their competitors would not be under the same requirement. This is not something, therefore, that any individual union, or group of unions can negotiate. Rather it is a matter which is, and must be, the concern of the entire Nation and as the representatives of this Nation we come to you to present our case.

This Nation cannot long last in today's troubled world without adequate defenses. It has been said over and over again that the merchant marine is the fourth arm of our national defense. But it requires more than a statement to bring this fourth arm into being and keep it in being.

Some 65 years ago Admiral Mahan, one of our greatest philosophers of history, discussing the influence of seapower upon history stated in substance, that history has proved that a strong navy cannot be had without a strong merchant marine; and that where a purely military seapower was built up by a despot, as was done in the case of Louis XIV in France, experience showed that his navy was like a growth which having no roots soon withers away.

Surely if this pronouncement was considered significant 65 years ago, long before oil became the potent force in military conflict that all agree it is, how much more true is his conclusion today. Yet today no one believes that this Nation has an adequate merchant marine particularly as far as American-flag tankers are concerned. If there is any doubt about this, statistics are a cold reminder of this bitter truth.

On December 31, 1951, American-flag tankers, privately owned, including those on order or under construction were divided as follows: 77 percent were warbuilt; 11 percent were prewar; 12 percent were postwar.

Foreign-flag tonnage on the other hand was 20 percent were warbuilt; 21 percent were prewar; 59 percent were postwar.

That was on December 31, 1951.

From figures prepared by the Maritime Administration as of June 30, 1954, we note that there were 465 tankers being built or on order. Only 9 of these, 9, gentlemen, were being built for the United States to be operated under the flag of the United States. Certainly that does not point to any leveling off of this downward movement of American-flag tankers.

As against the 9 that are being built or on order for the United States, there are 41 being built to be registered under the flag of Liberia. Most people don't even know where Liberia is and are quite amazed to learn that it has today a merchant marine of some 124 tankers in addition to the 41 that are being constructed or are on order. Surely, Liberia is no maritime nation.

The same story holds true for Panama. There are 27 tankers under construction or on order as of June 30, 1954, to be registered under the flag of Panama. These will be added to the already substantial fleet of 227 tankers under that flag as of June 30, 1954. Surely, Panama is no maritime nation. Even Switzerland, high in the Alps, has two tankers.

Now, gentlemen, we are told that these (Panama, Liberia, and Honduras) are flags of convenience; that these are friendly nations; that American citizens own these ships; and that they will be available to us in case of an emergency. Knowing, as we do, something of the success of Communist groups in infiltrating into various nations, and knowing also the difficulties certain national unions in this country have had in ridding themselves of Communist leadership, can we be sure

that these vessels under these so-called friendly flags manned as they are with all manner of people whose national sympathies certainly are not American, will be available to the United States in case of war? We must remember that these are ships and they can be sailed wherever the master and crew determine in wartime or when war is imminent. The Norwegian tanker fleet in World War II escaped from the Germans, by the daring and courage of the officers and crews of their ships, after their nation had been invaded by Hitler.

But these Panamanian, Liberian, and Honduran flagships are not manned by Americans so that the stimulus that motivated the Norwegians does not exist.

An operator of many of these tankers is a man whose name has frequently been in the newspapers. His name is Stavros S. Niarchos, related to another Greek shipowner, Aristotle Onassis, he controls the world's third largest merchant fleet. This is stated in an article which appeared in Fortune magazine in October 1953.

When we are talking about friendly flags, the availability of these tankers to America, loyalty, and all of those other words that sound so fine, it may be well to reflect for a moment on the philosophy of Stavros Niarchos, whose amazing career in shipping was recounted in Fortune magazine. Says Niarchos, "As a Greek I belong to the West. As a shipowner I belong to capitalism. Business objectives dictate the details of my operations. My favorite country is the one that grants maximum immunity from taxes, trade restrictions, and unreasonable regulations. It is under that country's flag that I prefer to concentrate my profitable activities. I call this business sense." With a philosophy like this, can anyone guarantee that he will turn his ships over to the United States in case of war?

Yet these are the realities with which we are faced. To turn away is like whistling in the dark.

Gentlemen, time is running out. The so-called cold war is not always cold. Sometimes it is hot and sometimes it is lukewarm. We can never be certain. We cannot afford, therefore, to not have an American-flag tanker fleet of substantial size. We cannot afford to wait to train officers and men for this fleet. We cannot continue to discourage those who now are qualified by taking their very job and livelihood from them through the reductions in the size of the American tanker fleet, reductions which have gone on week in and week out for the past few years.

This flight from the flag which has disturbed all of us is an understandable though tragic happening. Its reason as all of us know is economic. But man is not just an economic being; he is a political and social being. And governments were established by men as political instruments to serve them in their political and social, as well as their economic, needs.

Here then is a classic opportunity wherein wise lawmakers putting first things first will recognize that the safety of our fellow citizens—a matter of paramount importance—is endangered by an inadequate American-flag tanker fleet. And although time is running out, action now can do much to repair the damage already done.

In summary, we should like to quote from a very recent study entitled "Maritime Subsidy Policy," prepared by the Office of the Under Secretary of Commerce for Transportation and the Maritime Administration. This study is dated April 1954.

In discussing tankers and tanker cargoes they say, "For a long-range future the President's Materials Policy Committee, in June 1952, projecting petroleum requirements to 1975, estimated that the level of United States consumption will be 110 percent above 1950. It can be assumed that the postwar growth in tanker imports will continue, and a substantial portion of this movement should be carried on United States flag tankers to assure the availability of such imports during periods of emergency."

We think we have proved conclusively that a substantial portion of this movement is not being carried in United States flag tankers and the situation is getting worse every month.

Gentlemen, we wish to be on record here with your committee; to have it in public print, that because of our years of experience in this industry; because of our knowledge of what occurred in World War II; and because nothing short of congressional action will stop this flight from the flag—we believe this is one of the most serious problems that confronts this Nation today, namely, lack of an adequate available American-flag tanker fleet that can quickly and safely move millions of tons of liquid cargo all over the world should the cold war suddenly become hot.

We are not asking for a large idle reserve fleet. We are not asking for subsidies. We merely ask that a fair share of the petroleum that is being imported to the United States for consumption by Americans be carried in American-flag vessels; not just to provide jobs for these qualified seamen but to be sure that we have an American-flag tanker fleet of substantial size in being.

Without legislation such as we have suggested in this testimony we feel certain that this Nation is taking a risk that is neither necessary nor fair to the average American who is under the impression that our Nation is adequately protected by the existence of a strong Army, a strong Navy, a well-trained Air Force, and a stockpile of atomic weapons.

In conclusion, the whole world today travels on oil. That oil cannot be transported from continent to continent by pipelines or by any other means except by tankers. We must be sure that here in America we are maintaining a fair proportion of the world tanker fleet.

We are certain that you, our fellow Americans, will see to it that such an American-flag tanker fleet is made possible.

Thank you very much.

LAKELAND, FLA.

Hon. Senator GEORGE SMATHERS,
Member, Senate Finance Committee,
United States Senate, Washington, D. C.:

The perennial fruit industries of 38 States that export pears, apples, deciduous fruits, grapes, tree fruits and citrus, represented by Northwest Horticultural Council, Yakima; California Grape and Tree Fruit League, San Francisco; California-Arizona Citrus Industry and Sunkist Growers, Los Angeles; California Dried Fruit Association, San Francisco; Pacific Coast Fruit Export Council, San Francisco; and Florida Citrus Mutual, Lakeland, Fla., with growers membership totaling over 175,000, unanimously urge in the strongest possible terms to the Senate Finance Committee considering the renewal of the Reciprocal Trades Agreement Act, H. R. 1, that the following amendment be introduced into said act:

"Foreign countries that deliberately continue to discriminate unfairly against our agricultural products or any commodity varieties, types, kinds, or classifications thereof or seasonal areas of supply, when such products are offered them at fair competitive world prices under either straight dollar association or currency-convertibility laws of the United States, as determined by the Secretary of Agriculture, are hereby specifically and automatically excluded from the benefits and advantages of the most-favored-nation clause under this act. Also countries export trade through openly recognized restrictive business or trade practices as determined by the Secretary of Agriculture are likewise automatically excluded from the benefits of the most-favored-nation clause of this act."

Deeply appreciate your representing through Mutual in this major agricultural group's request in introducing this into hearings and urge its most favorable consideration in executive session.

Warmest regards.

FLORIDA CITRUS MUTUAL,
ROBERT RUDLEDGE,
General Manager.
MARTIN HEARN,
Expert Coordinator.

ROBERT EMMET RODES,
New York, N. Y.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: This letter is to recommend that the proviso shown below and which begins on page 8, line 17 of the copy of H. R. 1 your committee is considering be amended to include the clauses shown in itialic, making it read as follows:

"*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 of its failure to accord the United States and its citizens all benefits due them under any treaty declared valid by the international court of justice* or because of other acts (including the operations of international cartels *or of associations of private traders of*

which the discontinuance was envisaged in article IV, paragraph 3 of the Franco-American Loan Agreement of 1946) or policies * * *"

The first suggestion is pinpointed to treaties requiring free competition and assuring the United States economic equality in Morocco. Only these treaties among those involving the United States have been passed upon by the International Court. The proposal repeats frequently expressed congressional demands that these treaties be enforced. The most recent is in the 1954 Mutual Security Act. The requirement of treaty compliance, as well as elimination of discrimination is important. The Department of State's Legal Adviser determines which acts are treaty violations.

He has already ruled that France is violating the Morocco treaties. Determination of "discrimination" is made by persons more sensitive to foreign influence. The Connally amendment in the 1950 ECA Authorization Act directed that discriminations be ended. Although the amendment was in force until 1954 it had no effect in Morocco because our diplomats never could get around to ruling that admitted treaty violations should be called discriminations.

The second recommendation would extend the prohibition against international cartels to national groups which suppress competition. These groups are an uneconomic burden on all commerce, especially on imports from the United States where strict licensing gives them a strangle hold on many groups of products. Officially the United States always opposed these groups. In practice the Department of State has been reluctant to oppose them.

The following statement of background and legislative history is offered in justification of these recommendations:

Congressional mandate evaded

On July 31, 1950, you and a preponderant majority of your colleagues voted for Senator Hickenlooper's Morocco amendment which became law (p. 11, 513, Congressional Record July 31, 1950). This should have withheld ECA aid from France until she complied with the Morocco treaties. The Department of State, which had opposed the amendment, evaded it by agreeing to have the International Court of Justice rule on the validity of the treaties and agreeing that aid would be continued (just as if the amendment had not been voted) while the case was tried.

International Court verdict ignored

In August 1952 the Court denied the French claim that the establishment of the French protectorate had changed Morocco's treaty status. It unanimously held that France must maintain free competitive enterprise and accord the United States complete economic equality in Morocco. The Department of State admits that the verdict has never been implemented but claims that it has no means of requiring its implementation. French officials have publicly stated that their actions "are entirely satisfactory to the Department of State."

1954 act requires treaty compliance

Congress has made several other efforts to enforce these treaties and the Court's verdict. The most recent is section 413 (b) (3) of the 1954 Mutual Security Act. In this the President is directed to "seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and *shall take all reasonable action under this act or under other authority* to secure compliance therewith * * *" [Italics added.]

The Senate Foreign Relations Committee's report on the act (p. 72) explains this provision, stating: "For several years the subject of United States treaty rights in Morocco and their violation by France has been a matter of deep concern to Congress."

The report further states that provision was adopted because the committee "felt that the State Department had not pursued this matter vigorously enough."

Treaty violations unaltered

Implementation of the 1954 amendment was delegated to the Department of State. There has been absolutely no change. All the restrictions on United States trade and investments continue exactly as when the amendment was passed. Still no action has been taken under the amendment. Just this month French officials threatened to subject American textiles to quantitative restrictions, in addition to restrictions placed on funds derived from their sale and which have been in effect for over 2 years. The State Department was successful in preventing the quantitative restrictions. However, the threat shows that French Moroccan officials are thinking in terms of colonial economic dictatorship

and not in terms of free competitive economy as required by our treaties and by the International Court verdict.

A reasonable measure

The Department of State is under congressional mandate to "take all reasonable measures" under the 1954 Mutual Security Act, "or under other authority" to secure compliance with United States commercial treaties. The Department apparently has not decided what measures are reasonable or has decided that no measure would be reasonable. The effect of the recommended amendment would be to establish the withholding of tariff concessions as a reasonable means of reprisal for flagrant treaty violations.

SECOND RECOMMENDATION RELATING TO FRENCH GROUPEMENTS AND SIMILAR NATIONAL ASSOCIATIONS FOR SUPPRESSING COMPETITION

These groupements, syndicates, or national cartels in both France and Morocco maintain a stranglehold on most essential trade and industry. Typical examples are:

An American had the agency for one of the newest antibiotics. When clinical and official tests, made largely at his expense, proved the product's value a decree gave the exclusive right to import it to the antibiotic syndicate composed of most of the American's competitors. The agency was transferred to the syndicate when it was evident that the American could not provide an outlet for the manufacturer.

An American who wished to import refining machinery into Morocco which would have greatly improved the quality of olive oil was refused official permission unless he joined the oil cartel. To do so would give his competitors the right to fix his volume of business and prices after his plant was built and ready to operate. The President of the American Chamber of Commerce of Morocco said in an official statement dated January 13, 1953:

"Cartel controlled oil plants * * * employ little Moroccan labor, make Moroccans pay twice what they should for cooking fat and have virtually wrecked the Moroccan sardine industry by prohibitive costs."

The oil cartel's position is maintained by a totally illegal prohibition on the importation of United States cotton and other vegetable oils. These oils should be used for cooking by the low income Moroccans while most of Morocco's olive oil would be exported. However the cartel is unwilling to accept world prices and makes Moroccans buy olive oil at inflated internal prices or do without cooking fat.

Senate reports

Legislation and Senate reports have attacked the national cartel system. An example of legislation was section 516 of Public Law 165 (Mutual Security Act of 1951). This declares the policy of Congress to be "to discourage the cartel and monopolistic business prevailing in certain countries receiving aid under this act."

The Senate Appropriations Committee's report on Mutual Security Appropriations for 1952 explains an amendment as follows: "This amendment is intended to require Morocco * * * to cease all attempts to create or maintain cartels or other monopolies forbidden by treaty, to * * *."

The Senate adopted this amendment.

Senator Theodore Francis Green headed a delegation to Europe and North Africa, made a report on its findings (S. Rept. No. 90, 82d Cong., 2d sess.). Page 15 of this report deals with restrictive business practices. Excerpts are:

"The American delegation was depressed to learn of the stranglehold which some trade associations and investment trusts have on the business life and governments of many Western European states."

"Although the United States beginning with the first lend-lease agreements has consistently inserted provisions in such agreements which speak of discouraging restrictive business practices, yet the fact is that very little has been done by Europe."

"Temporarily," for 9 years

In signing the Franco-American loan agreement (Byrnes-Blum agreement) on May 28, 1946, France obtained $750 million and agreed to certain conditions. Article 4, paragraph 3 of the agreement reads:

"Temporarily, a part of French imports will be handled by associations of private traders (groupements) until the difficulties of loading, shipment, and transport of essential supplies and their distribution in France are overcome."

These difficulties were overcome years ago. Still all the old groupements have increased their power in many cases and new ones (including the antibiotic cartel mentioned above) have been formed. The United States would seem justified in requiring that these syndicates be dissolved in keeping with the spirit of the above agreement.

Free enterprise versus regimentation

Both these recommendations involve problems of the free competition in which we believe opposed by regimentation and vested interests which are the scourge of Old World economies. Both are issues on which Congress has taken a firm stand and in which it has been balked by the Department of State. Both proposals are in harmony with the spirit underlying the law you are considering. These tariff concessions represent one of the few bargaining elements we have left. I hope that you will see fit to use them to make sure that the stand taken by Congress rather than that taken by the Department of State will finally prevail in these matters.

Supporting material submitted

I am attaching the section of the 1954 Foreign Relations Committee's report on mutual security which deals with Moroccan treaty violations and the passage from Senator Green's report, mentioned above, which deals with restrictive trade practices; also a statement by A. F. of L. First Vice President Matthew Woll, entitled "Restore Free Trade to Morocco Economy" and excerpts from an article on Moroccan Cartels written from Casablanca by Edmund Stevens, the Christian Science Monitor's Mediterranean Bureau Chief. I would appreciate your including this letter and attachments in your record.

I understand that your committee will take cognizance of testimony given the House Ways and Means Committee. The essential difference between the above language requests and those made to the House is that the latter were intended to cure treaty violations wherever they might exist. The former is intended to remedy the specific situations presented—with minimum modification of the House-approved bill.

Yours sincerely,

ROBERT EMMET RODES.

SENATE FOREIGN RELATIONS COMMITTEE REPORT

Excerpt from page 72 of Senate Foreign Relations Committee report on the Mutual Security Act of 1954. (The provision quoted passed the Senate but was modified in conference. It also was renumbered as section 413 (b) (3).)

"52. FRENCH TREATY OBLIGATIONS IN MOROCCO (SEC. 414 (B) (3))

"For several years, the subject of United States treaty rights in Morocco and their violation by France has been a matter of deep concern to Congress. The latest expression of this concern was section 105 of Mutual Security Appropriation Act, 1954, which provided that "after September 1, 1953, none of the funds herein appropriated shall be used to make up any deficit to the European Payments Union for any nation of which a dependent area fails to comply with any treaty to which the United States and such dependent area are parties * * * nor shall any of the counterpart funds generated as a result of assistance under the act be made available to such nation.

"Following the adjudication by the International Court of Justice on United States treaty rights, the French Government issued a decree which it contends fulfills the decision of the court. The Department of State found that this decree falls short of full compliance and ruled that our rights in Morocco were being violated. The United States Government thereupon took remedial action under section 105. The Department is negotiating with the French to resolve the disagreement.

"The committee, however, felt that the State Department had not pursued this matter vigorously enough and accordingly provided in section 414.(b) (3) that the President 'shall insist upon full compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes, and shall consider such treaties to be in full force and effect until they are superseded by other treaties or expire in accordance with their own terms or are specifically

modified or voided by a verdict of the International Court of Justice; and, when any such treaty has been declared valid by such Court, shall take all reasonable measures under this act or other authority to assure compliance therewith and to obtain just compensation for United States citizens for losses sustained by or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof and found by such Court to violate any such treaty.'

"This amendment requires the President to insist upon full compliance by other countries with commercial-type treaties which they have entered into with the United States. It further, directs the President to use all reasonable measures which may be available to him under this or any other law to secure compliance with treaties which have been declared to be valid by the International Court of Justice and to secure damages, when these are provable on the basis of valid and properly submitted claims, for any American citizen who has suffered as a result of unfair action in violation of such treaties."

"STRANGLEHOLD ON BUSINESS LIFE"

Excerpt from page 15, Senate Report No. 90, 82d Congress, 2d Session. Submitted by Hon. Theodore Francis Green after an inquiry in Europe and North Africa by a delegation which he headed.

"One of the American delegation remarked during the discussion of tariffs that he seriously doubted whether the complete removal of tariffs by the United States on goods from Western Europe would contribute in any substantial way to the elimination of the dollar shortage of Western Europe. He observed that the restrictive business practices common in many European countries so stifle competition and efficient production that there would be very few things, other than highly specialized products, which could be sold in the United States in the face of the competitive ability of the American businessman.

"The American delegation was depressed to learn of the stranglehold which some trade associations and investment trusts have on the business life and governments of many Western European states. In several states it is impossible for an enterprising young man to get started in business for himself because he must have a license from the state to do business. Before such a license is issued the government requests the advice of the interested trade association and in all too many cases that advice, which may be based upon fear of new competition, is followed by the government.

"In the field of banking, not only are interest rates prohibitively high, but in fact in many cases the banks own the very industries that would be faced with competition if the bank were to make certain loans. Under these circumstances it is almost impossible for a new company to begin business or for an existing company to take steps that might increase its productivity to the detriment of other existing concerns.

"Although the United States beginning with the first lend-lease agreements has consistently inserted provisions in such agreements which speak of discouraging restrictive business practices, yet the fact is that very little has been done by Europe."

AMERICAN FEDERATION OF LABOR FREE TRADE UNION COMMITTEE

[Statement appearing on p. 8, April 1955 issue of A. F. of L. Free Trade Union News]

RESTORE FREE TRADE TO MOROCCO ECONOMY

Following is the text of a statement issued February 23, 1955, by Matthew Woll, chairman of the A. F. of L. Free Trade Union Committee:

The A. F. of L. has consistently opposed French economic exploitation of North Africa, of which the profits to a large measure are the incentive to maintain the shameful colonial system there. This exploitation is particularly indefensible in Morocco, a country to which the United States, among other nations, has guaranteed free competitive enterprise, which if enforced would make exploitation impossible.

We were gratified at the inclusion in the Mutual Security Act of 1954 of a provision requiring the President to enforce treaties. If implemented, this would open the Moroccan markets to the United States and our markets to Morocco, breaking the French monopoly and assuring Morocco the competitive advantages to which she is entitled by treaties reaffirmed by the International Court of Justice.

We regret that this law has been flagrantly disregarded in respect to Morocco and call upon our Government to implement it fully and vigorously and upon Congress to supplement it with such other legislation as may be required to restore Morocco's economic status and economic relations with the United States as defined by treaties which were reaffirmed by the International Court of Justice in 1952.

Excerpts from Edmund Stevens' articles (Mr. Stevens is a Pulitzer prize winner):

[The Christian Science Monitor, Boston, January 9, 1953]

"MOROCCANS BRAND FRENCH CARTELS EXPLOITERS OF NORTH AFRICAN ECONOMY

"(Mr. Stevens recently completed a tour of French North Africa to seek the facts behind the news from that troubled area. The following is one of several articles he has prepared analyzing the situation there.)

"By Edmund Stevens, chief of the Mediterranean news bureau of the Christian Science Monitor, Casablanca, Morocco

* * * * * * *

"A major milestone in this evolution toward colonial exploitation, it is contended, was the pegging of the Moroccan franc to the French franc. Since then all foreign currency earned by Moroccan exports goes to France, while Morocco receives in exchange either French goods or goods of foreign origin which France wishes to reexport. One consequence of this has been virtually to drive non-French importers out of business and goods other than French off the market, giving French merchants a complete monopoly of Moroccan foreign trade.

"PHOSPHATE TIGHTLY HELD

"An American businessman, in Morocco, for example, is subject now to French currency restrictions. He no longer can convert his receipts into dollars to replenish his stocks or send home his profits.

"The International Court recently ruled this illegal discrimination, violating the Algeciras Treaty. The French ignored the Hague Court decision much as they recently snubbed the United Nations. Pegging the Moroccan currency also acted as a deterrent to investors other than French for the same reason that profits could no longer be converted.

"One of the most tightly controlled operations is phosphate mining. As the mines are nationalized, revenues therefrom presumably go to the Sherifian government. But the entire output is sold to one French cartel at a fixed price below the world market price.

"When an American buyer tried to make a cash purchase of a large amount of phosphate direct from the Moroccan phosphate administration for dollars, at a price well within the world market range, he was turned down.

"$10 A TON PROFIT

"In like manner an American with a manganese mine concession wished to sell his output to an American buyer for $37 a ton for direct shipment to the United States. He was denied an export license for the transaction and compelled instead to sell at this same price to the French cartel. Thereupon the cartel sold the ore to the same American buyer at $47 a ton.

"Applying the same method in reverse, sugar, a major import item, is purchased entirely from the French sugar cartel at a price well above the world market price. Consequently consumers—which on this item include the whole population—pay a retail price of 50 percent higher than in the nearby international zone of Tangier—despite the fact that the Algeciras Treaty stipulates that customs duties shall not exceed 10 percent ad valorem.

"Space permitting, far more evidence could be cited to document how Morocco is being converted into an exclusive French economic preserve."

Excerpt from article of January 10, 1953:

"Among sharpest critics of American policy in Morocco are members of the American business community who have been fighting a losing battle to secure observance of treaties guaranteeing equal economic rights and opportunities for all nationalities in Morocco aaginst the French policy of privileges for French business. These Americans insist the State Department has exceeded its authority by waiving in France's favor certain American treaty rights without

Senate approval. They have also gathered and sent to Washington documentary evidence to support allegations of misuse of American aid funds in Morocco.

"HAGUE COURT RULES

"The treaty-violation charges finally reached the International Court of Justice at The Hague, which last August handed down a unanimous decision upholding the Act of Algeciras and stating in part: 'In economic matters France is accorded no privileged position in Morocco. Such privileged position would not be compatible with the principle of liberty without any inequality on which the Act of Algeciras is based.'

"So far, this verdict has remained unenforced. In this failure to implement the decision, American businessmen claim the State Department has entirely acquiesced.

"Without entering into the merits of this last allegation, I can only say that it appears to fit in with the attitude I found among State Department officials stationed in North Africa, with a few outstanding exceptions."

(The following letter was subsequently received for the record:)

HOTEL CONTINENTAL,
Washington 1, D. C., April 1, 1954.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR BYRD: Please refer to page 3 of the material which I submitted in support of a proviso in H. R. 1 which would deny tariff concessions to a nation which fails to comply with a United States treaty declared valid by the International Court of Justice. The purpose is to require compliance with our Moroccan treaties.

Under the caption, "Treaty Violations Unaltered," I stated that in March 1955 French Moroccan officials had threatened to place quantitative restrictions on United States textile imports but that the State Department had been successful in preventing this.

Since I wrote that the restrictions have been reinstituted. The Department is protesting again. This information was given me yesterday by Assistant Secretary of State George Allen who agrees, as does everyone familiar with the matter, that the restrictions flagrantly violate our treaties relating to Morocco and The Hague verdict reaffirming them.

I appreciate the consideration you are giving this matter and your decision to put previously submitted material in the committee's hearings record.

Yours sincerely,

R. E. RODES.

THE DEAN CO.,
Chicago, March 22, 1955.

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: It is my understanding that H. R. 1 is now under consideration by the Finance Committee, of which you are chairman. I am much interested in this bill because it is very important to the entire American economy and likewise has a direct bearing on our own business, which is the manufacture and sale of various types of veneer.

Reciprocal trade is, in my opinion, an absolute must for American economy and it is something that in its ramifications probably affects every type of business to some degree. I believe that we all have to be prepared to make reasonable sacrifices in order to insure two-way traffic on the avenues of international commerce. The critical part of the program is to make sure that no segment of the American economy is called upon to make unreasonable and disproportionate sacrifices.

The veneer industry sells largely to the manufacturers of furniture and to those who fabricate veneer into plywood. Thus the plywood industry, directly and indirectly, is the largest customer for our product.

In the prewar days this country used to import about 5 percent of the total domestic consumption of hardwood plywood. A large proportion of this came from Canada, which is, of course, rather closely allied to our own economy.

Since the end of World War II, due to the rapid buildup of the Japanese plywood industry, we are now from all sources importing in excess of 40 percent of the total domestic market. It looks to me like Japan and Finland, who are directly or indirectly subsidized in regard to their plywood exports, now constitute a grave menace to a pretty fundamental industry in this country.

While I am fully conscious of the importance of supporting the Japanese economy, nevertheless it does not seem right that one particular industry, such as our own, should be called on to bear such a disproportionate share. It looks to me like a good deal of the trouble could be cleaned up if the matter is kept in the hands of the Tariff Commission whose decisions would be based on the economic situation, rather than the State Department whose decisions must necessarily be of a political nature. If the peril point and escape clause were left to the Tariff Commission to decide (excepting in case of Presidential decisions determining that our national security might be affected), I believe that a much more practical and rational approach to the problem could be made.

Please excuse the length of this letter, but I do recommend the subject matter to your careful consideration.

Yours very truly,

THOMAS A. DEAN, *Chairman.*

UNITED STATES STAMPING CO.,
Moundsville, W. Va., March 22, 1955.

Re Reciprocal agreements or tariffs

Hon. H. F. BYRD,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: As I understand it, the committee hearings have been completed and whether or not there will be a renewal of the trade agreements extension bill, H. R. 1, depends upon the Senate Finance Committee.

This bill is just like a swarm of termites, eating away at the foundation of our homes; instead, the bill is destroying our economy. There is nothing reciprocal about it.

Our company manufactures enameled ware which is produced on sheet steel drawn shapes. We are really in the steel and ceramic industry. We are forced to pay the highest wages. Foreign enameled ware is being shipped into this country, either cast or sheet, which is gradually diminishing the work available for American labor. We are only a small industry.

Our economy has been affected by this reciprocal trade agreement through the loss of employment and buying power of those wage earners in the textile, chemical, glassware, coal, lead, and plywood industries, which cannot meet low wage foreign competition.

The United States of America will be more economically sound if your committee will permit this law to expire and that is what we are earnestly requesting of you. It is time America protects and rebuilds its own fences.

Sincerely,

F. STEELE EARNSHAW,
Executive Vice President.

CITY OF MALDEN,
BOARD OF ALDERMEN,
Malden, Mass., March 22, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: It has come to my attention that there is under discussion a plan to lower tariffs on some European and Japanese goods. We have reason to believe that this will include rubber footwear and canvas shoes.

I need not point out to you what this would do to our rubber footwear plant in Malden—The Converse Rubber Co. It employs up to 1,200 rubber workers, most of them members of the A. F. of L. Rubber Workers Union, with an annual payroll of over $4 million and a direct effect on about $12 million annually in buying power in the city of Malden. An influx of cheap rubber shoes from Europe and Japan under a low tariff would just about ruin our industry.

I know that the H. R. 1 bill was passed by the House recently to lower the tariff, or abandon the American selling price principle on these products. I

strongly urge your support to prevent this threat to the jobs and security of so many American workers and hope that you will do everything possible to have this bill defeated.

With kindest regards, I am,

Very truly yours,

JOSEPH G. AMELIO, *Alderman.*

AMERICAN FEDERATION OF LABOR STATEMENT SUBMITTED TO THE SENATE FINANCE COMMITTEE CONCERNING EXTENSION OF THE RECIPROCAL TRADE AGREEMENTS ACT

This statement is directed towards the question of United States trade policy and the action that should be taken at the present time regarding the renewal of the Reciprocal Trade Agreements Act. This issue has had a long and controversial career in the annals of American history. It is perhaps no exaggeration to say that over the years tariff legislation has brought forth more oratory, more bitterness, and more partisan strife than any other issue in our history.

Down through history the arguments for and against tariff legislation have emphasized different aspects of this problem. In the early days of the Republic, the tariff was considered necessary as a means for raising revenue and as a necessary protection for newly developing American industries. More recently, the foreign policy aspects of tariff and trade policy have been emphasized and the close relation between imports and exports has been stressed.

Today, the dominant issue in trade and tariff policy must be its effect on our national security. The basic question to be asked is this:

What trade and tariff policy by the United States will best protect the country's national security and does most to assure effective action to protect the free world against Communist aggression?

The United States is now engaged in a life-and-death struggle with the forces of Soviet communism. In this fight, most of the free world has taken its stand alongside the United States. America's objective in the postwar world has been to build and strengthen this alliance, both in a military and economic sense, so that the aggressive forces of communism can be checked.

A country economically weak, even if it has the will to fight, cannot prove a strong ally. It has been the aim of America's economic assistance programs to help those countries who wanted help so that they could become stronger working partners of the free world.

Ever since 1945, America has done much to help restore the war-damaged world and to help the free nations of the world rebuild their shattered economies. The loan to Great Britain, the Marshall plan, special aid to Greece and Turkey, point 4, and a host of other actions testify to America's foreign-economic program. The cost in money has been high, but the American taxpayer has willingly paid his share because he has recognized that in America's own self-interest the Nation must help develop and strengthen the economies of the free world.

These programs have borne fruit. In Europe, particularly, the economies of most of the countries are now firmly established. Production is higher, income greater, and the general economy far healthier than they have been in many years.

While their domestic economies are stronger, most of these nations still face very difficult problems, particularly in developing an expanding but balanced system of international trade. There still remain throughout the free world a myriad of tariff duties, import quotas, and other restrictions which prevent each particular country from making its maximum contribution to the strength of the free world.

Almost all of these countries today face what is called a dollar shortage. That is, they regularly buy from the United States more goods and services than the United States buys from them. This creates the well-known dollar gap. Over the past few years some progress has been made toward closing the dollar gap as other countries have strengthened their economies. However, the gap today is still quite substantial.

America has already done much to make this problem a more manageable one. Under the Reciprocal Trade Agreements program tariff reductions have been negotiated in return for similar concessions by other countries. The aim of American policy has been to remove restrictions to trade gradually and thus help to breathe more energy into the economies abroad.

Despite much progress, much remains to be done. The dollar gap is still a serious problem. Tariffs on many American items are as low as existing legislation will permit. Countries abroad appear frustrated in their own negotiations for removal of trade restrictions. Prompt effective action by the United States will help break this logjam and make is possible for other nations to join this country in reducing unnecessary barriers to trade.

To meet this problem, the President proposed a comprehensive foreign economic policy program in his special message of January 10. Only one part of this program, dealing with trade and tariff policy, is the subject of these hearings.

The President has asked that the Reciprocal Trade Agreements Act be extended until June 1958 and that Congress grant additional authority under this law to take the following action to reduce tariffs that now apply on goods entering the United States.

"1. Reduction, through multilateral and reciprocal negotiations, of tariff rates on selected commodities by not more than 5 percent per year for 3 years;

"2. Reduction, through multilateral and reciprocal negotiations, of any tariff rates in excess of 50 percent to that level over a 3-year period; and

"3. Reduction, by not more than one-half over a 3-year period, of tariff rates in excess on January 1, 1945, on articles which are not now being imported or which are being imported only in negligible quantities."

The appropriate legislation to carry out these recommendations, H. R. 1, has been introduced by the chairman of the committee, Representative Cooper.

The American Federation of Labor has supported the reciprocal trade agreements program from its inception. We have favorad an expanding international trade as one way of strengthening the economies of both the United States and the free world.

We are mindful of the fact that a significant number of American workers are employed in industries facing foreign competition. We are definitely concerned lest the trade-agreements program operate to deprive these workers of employment opportunities at their present trade or occupation.

At the same time, we are equally mindful that many American workers are dependent for their employment on American exports or on the handling, transportation, or storage of imports. In 1952, the Bureau of Labor Statistics estimated that the employment of 4,376,000 American workers depended on foreign trade. In other words, these are the workers whose employment depends on the ability of other countries to continue to buy American products.

Because of very deep-seated convictions held by individuals on the opposite side of this issue, it is particularly important to make clear the position of the American Federation of Labor. Over the years, we have carefully examined the arguments in behalf of both free trade and protection.

We do not believe that our position can be labeled as simply free trade or protectionist. For example, we doubt very much that the United States is in a position today or in the foreseeable future to suspend all import duties and thus operate under conditions of free trade. While this might theoretically be desirable and possible, as a practical matter it would cause widespread dislocation of American industry and loss of employment to American workers.

We think too that some advocates of free trade make extravagant claims in their arguments. Elimination of trade barriers is not a panacea or cure-all for world peace. Even if this country were to operate on a free-trade basis, fundamental and deep-rooted international economic problems would still plague the world.

While we recognize certain practical limits to the reduction of trade barriers, this is not to say that tariffs must be frozen at their current level or that there is no room for further tariff reductions. In countless cases, tariffs can be reduced on items for which there is little or no competition from American industry.

In other cases, a gradual tariff reduction could bring increased imports without causing significant dislocations or loss of employment.

The protectionist argument also tends to overstate its case. In some instances, the tariff is blamed for conditions it could not have caused or for competition that would exist even if the import duty were doubled.

The American Federation of Labor does not endorse either the extreme position of free trade or the extreme position of protection. We believe that trade policy can prove a useful tool for reducing the dollar gap, for persuading other countries to lift their trade restrictions, and in general for strengthening the economic basis of the free world. We believe that to achieve these objectives, this country should continue its policy of negotiating tariff adjustments, to use

the President's phrase, "on a gradual, selective, and reciprocal basis." The importance of the terms "gradual" and "selective" must be emphasized.

We have one additional reason for urging this point of view. Although this was not mentioned in the President's message, we believe it is a particularly cogent argument at this time.

There has been considerable discussion in Congress regarding the problem of trade between the East and the West. In general, under the Battle Act the United States has worked to prevent the Soviet Union, Red China, and the satellite countries from obtaining any products or commodities from the free world which might aid them in time of war. Within the past year, however, there has been considerable pressure from a number of our allies to relax some of these restrictions. These allies feel it would be to their advantage to exchange certain categories of goods with countries behind the Iron Curtain. In response to this pressure the United States Government within the past year has redefined certain types of goods as no longer strategic so that they could be traded across the Iron Curtain.

We believe that this decision was a mistake. Although there are many items still on the forbidden list, the new relaxation does permit certain types of goods to be shipped behind the Iron Curtain which would be of real value in wartime.

The American Federation of Labor believes that the United States and its allies should stand firm against the shipment of military or war-support goods behind the Iron Curtain. We are glad to note indications that this country is reconsidering its action in relaxing the list of strategic goods. We must recognize, however, that several of our allies have special problems which put them under considerable pressure to encourage East-West trade. It may be that their economy complements that of an Iron Curtain country or they might have had a prewar history of extensive trade with a country that is now behind the Iron Curtain. Certainly, this is true of Japan which now inclines strongly toward trading with Red China.

If we are going to be firm with our allies on this issue, we must at the same time be willing to do as much as we can to help them solve their particular international economic problems. If we do not want them to trade with countries behind the Iron Curtain, at the very minimum we should be willing to accept more of their goods in the American market. The alternative is some type of aid or subsidy which not only would prove far more costly but in the end would only become another source of friction between us and our allies.

We believe that if the adjustments negotiated under this proposed program are, to use the President's words, "gradual, selective, and reciprocal," they need not operate to curtail employment opportunities for American workers.

We must recognize, however, that it is frequently very difficult to judge the impact of any specific tariff reduction until the reduction has actually taken place. There is always the danger that the lower tariff will stimulate such a heavy increase in imports that large numbers of American workers will be threatened with loss of employment. This has happened several times in recent years. The present tariff rates on a number of commodities are now at such a level that any further reductions would seriously injure employment opportunities for American workers.

For this reason, we are glad to see that the President has not recommended any change in the various protective devices that are currently in this legislation. Specifically, I refer to the no-injury rule, the peril-point procedure for setting tariff rates, and the escape clause for raising duties which have inflicted serious injury on American business and workers.

The no-injury rule sets forth the principle that under the Trade Agreements Act no tariff reduction or other concessions "shall be permitted to continue in effect" when it has led to imports "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."

The peril-point provision sets forth a specific procedure to be followed prior to negotiation of any trade agreement. The United States Tariff Commission is authorized to set peril points on any item subject to negotiation below which, in their opinion, a lower rate would mean serious injury to domestic producers. The President is not obligated to observe these peril points in negotiating a trade agreement, but if he chooses to go below this level, he must report his reasons to Congress.

The escape clause provides a means whereby anyone adversely affected by a tariff reduction can petition for an increased duty. Upon the application of domestic producers, the Tariff Commission must hold a public hearing to deter-

mine whether or not an existing tariff has caused imports of a particular commodity "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." The Commission must make a report on this issue not later than 9 months after the application is filed.

If the Tariff Commission finds that serious injury has resulted, it can recommend changes in the duty or the imposition of quotas. Its recommendations are forwarded to the President who does not have to accept them, but if he does not, he must state his reasons to Congress within 60 days, at the same time making public the report of the Tariff Commission.

We believe that these provisions are necessary parts of our trade-agreement policy. They help to prevent dislocations in industry and employment that cannot be foreseen at the time tariffs are negotiated.

We have become concerned, however, about the operation of the escape-clause provision. Under the law a total of 51 cases have been decided. Of these, 36 have been turned down by the Tariff Commission itself, while of the remaining 15 the President has adopted the recommendations in only 5 cases.

This record has raised a number of problems about the remedy provided by the escape clause. A particular problem is the extended length of time that is now required for processing applications under the escape clause. At the present time, the provisions of the law require that the Tariff Commission findings after a public hearing have to be made within 9 months after the application is filed. If the Commission recommends relief, the President is given an additional 60 days to pass upon these recommendations.

A more effective and prompt way to obtain necessary relief must be found. In cases where relief is justified, the present provisions force too great a hardship on both the workers and employers involved. The net result is needless loss of employment for many workers with particular skills which are not readily adaptable to other employment.

If the United States is going to maintain its policy of a gradual and selective reduction in tariffs, as we believe it should, this action must be coupled with a prompt and effective procedure for giving relief where relief is justified. Unless this is done, the resulting hardships and adverse public opinion are likely to force an abandonment of the entire reciprocal-trade-agreements program.

We suggest therefore that the time required for handling applications under the escape clause be shortened. We recommend that the 9-month requirement be reduced to 120 days and that the 60-day requirement for the handling of cases by the White House be reduced to 30 days.

In addition, every effort should be made to make certain that all information pertaining to employment and labor standards is carefully considered in every application under the escape clause. The recommendations of the United States Tariff Commission, as the administrative agency most directly concerned with tariff regulations, must be given careful consideration and should not be rejected except for compelling reasons.

This will greatly improve the operations under the present escape clause. Because industries will know that their application will be processed more promptly, they are less likely to run to the Tariff Commission if the evidence does not justify relief. The net result will be a far more effective method of providing relief to those groups who may be suffering serious injury under a particular tariff.

RAYCO PRODUCTS COMPANY, INC.,
Milford, Mass., March 22, 1955

SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.
(Attention of the Honorable Chairman.)

DEAR SENATOR: Will you kindly read this letter to the members of your committee that they may know that we are against the new tariff bill, H. R. 1, which is now being considered by the Senate?

The textile industry in our country has suffered greatly in the past number of months, and to pass the above bill would be a death-dealing blow to the manufacturers and workers of this necessary industry. It also affects those companies—like ours—who depend in great part on the textile mills for our livelihood.

Certainly if the earning power of all the above is curtailed, everything must suffer. It is definitely the workingman who keeps the money in circulation; it

if he who pays much of the tax money in one form or another, and we feel that he should receive the consideration that is his as a result of sending representatives of his choice to the United States Senate.

Please vote "No" on this tariff bill which is now before the Senate.

Sincerely yours,

EDWARD L. GRADY,
President.

LOS ANGELES, CALIF., *March 23, 1955.*

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

As manufacturer of quality electrosurgical and ultrasonic therapy equipment, I will match my product against foreign competition without artificial trade barriers. I urge you to extend reciprocal trade acts and am opposed to any raised tariffs or quotas.

THE BIRTCHER. CORP.,
C. J. BIRTCHER.

Chicago, Ill., March 23, 1955.

Hon. HARRY F. BYRD,
Senate Finance Committee,
Washington, D. C.:

Respectfully urge you to support reciprocal trade bill without any crippling amendment. Consider trade bill vital for continued business prosperity and national security in world threatened by communism. Ask you to oppose import quota amendments aimed at Venezuelan oil. Venezuela is stanch friend and ally of the United States and a bulwark against communism in Western Hemisphere. Any action which would drastically reduce Venezuelan oil sales to the United States would mean loss of business for 4,000 American firms selling merchandise to Venezuela and threaten jobs of 170,000 American workers employed in producing goods purchased by Venezuela. It would have harmful repercussions throughout Latin America and hand the Communists a propaganda weapon of enormous value to them.

J. B. LANTERMAN,
Vice President, American Steel Foundries.

NEW YORK, N. Y., *March 23, 1955.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance, United States Senate,
Washington, D. C.:

We members of the Lace & Embroidery Association of America, Inc., heartily endorse H. R. 1 and respectfully urge your committee to approve it as passed by the House of Representatives. It is a necessary step toward definite forward planning of importations from other nations. Our association has been concerned with importations of laces and consideration of United States tariff policy since the inception of our organization in 1909. On the basis of our experience, we wish to emphasize that there is no ground for the fears expressed by certain spokesmen for American lace manufacturers. Despite dire predictions on previous occasions, the domestic lace industry in the 45 years of its existence, has had an enviable record of steady and profitable progress. Witness the fact that American manufacturers have up to the present continued to import machines for the production of lever-type laces. When fashion favors lace, domestic producers and importers share alike in good business. France, our principal supplier, with characteristic genius creates new fashions and new uses for lace vital to both branches of the industry, the success of which is of equal concern to us. Please insert this telegram in the record of your committee.

Thank you.

Respectfully yours,

LACE & EMBROIDERY ASSOCIATION OF AMERICA, INC.
By SIDNEY STRAUSS, *Chairman Tariff Committee.*

STATEMENT OF TRUMAN NOLD, EXECUTIVE SECRETARY, NATIONAL APPLE INSTITUTE, WASHINGTON, D. C.

This statement is on behalf of the Nation's applegrowers whose interest comes from both the import and the export sides of the question. The National Apple Institute is a federation of State and regional organizations of applegrowers in 25 States across the country. We wish to bring out one point which to us is the crux of the question before the committee.

The issue as we see it, is one of enforcement of the principles and policies which the legislation seeks to advance, and which our industry has always supported.

We have exported apples since the early years of this Nation's existence. In the decade before World War II, foreign markets were a dependable outlet for about 10 percent of the crop in characteristics or specifications, such as small sizes, having a preferential value abroad. That demand still exists, behind barriers.

When our export shipments were stopped by the war, a large percentage of Canada's export volume of apples was deflected to be sold in this country..

Since the war, we have been under the double pressure of our exportable supplies confined at home, plus the competition of imports which are identical in varieties, style of pack, and seasonality with our own supply. This double pressure is one of the reasons why an estimated 20 percent of applegrowers have been squeezed out of the business in the past 6 years. We are still without dependable access to the overseas markets that want our apples. We do have access to Canada, and a few Latin American countries, whose trade relationships with this country are healthy.

We are not ready for abandonment or impairment of the principles on which the act is based. On the contrary, we feel the time has come to make good on them.

We believe the key is in the enforcement provision of the bill, and the intent of Congress regarding its use.

Arguments are sometimes heard that the United States has little bargaining room left except in such tariff rates as are still high enough to exclude or limit imports. We disagree.

What does the United States want in extending the act? Applegrowers want access to markets under fair, equitable, and known conditions, as promised in trade agreements, but still withheld.

Much of the effect of tariff reductions granted by other countries, in return for reductions by the United States, has been nullified by their substitution of other kinds of barriers.

These include embargoes, quotas under licensing with and without procrastination, currency manipulations, exclusions connected with bilateral deals, and other devices.

In our opinion, the reduction and removal of impediments of this kind should now be made the first order of business in our foreign trade policy.

The trade agreements between our country and other nations obligated the signatories not to use such devices except under certain specified conditions, temporarily.

The United States excused and overlooked the growth of these practices during the postwar period, while the economies of so many countries had to be salvaged and rebuilt. We were deeply concerned lest Europe go under. We extended every possible aid, encouraging or at least not objecting to the postponement of obligations those countries had undertaken in respect to trade.

This period of crisis has passed. The trading resources of those countries are no longer crippled except by the artificialities that have developed under the continued postponement of those obligations.

This country has gone on taking a solicitous attitude toward the continued failure to observe these reciprocal obligations.

So now we face the fact that strong interests and influences have become attached to these violations. Many governments find it easier to avoid changing away from "temporary" barriers of the very nature intended to be ruled out by the trade agreements. The United States has voiced protests in particular cases, but at the same time has picked up and used some of the same devices.

We know how badly this course of events hurts us as applegrowers. We believe it hurts the United States, and that it does not lead to a healthy free world. What can be done about it?

We cannot expect that discriminatory barriers will be given up, and that tariffs will be restored as the means of regulating trade, if we simply put it as a favor due us by past promises. Holding forth additional generosity would only increase the premium on the interests vested in the present violations.

We can decide that the obligations already made that are not being honored, are to be honored before the United States goes any further. That, or this country will proceed to withdraw our concessions.

The turn can be called in this legislation, by emphasizing its suspension provision, making clear that the time has come to put it to work, under the conditions now existing, to enforce the principles the act is intended to serve. We hope the Congress will make this the prime consideration in extending the act.

HOUSE OF REPRESENTATIVES,
Washington, D. C., March 23, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
Senate of the United States, Washington, D. C.

MY DEAR SENATOR: I understand that on yesterday Senator O'Mahoney testified before you in behalf of a congressional right of veto on trade agreements entered into by the Executive.

For many years I have been trying this approach. I feel that Congress should not attempt to write the details of every tariff agreement sought, but on the other hand, we should not abdicate our ultimate control over such agreements where the Congress feels they are definitely harmful to local industries, or otherwise not in the national interest.

I am taking the liberty of enclosing a copy of my bill, which I sincerely hope might have your consideration.

In my judgment, this would overcome the objections of a large number of the members to the Reciprocal Trade Act in its present form.

Sincerely,

T. MILLET HAND, *Member of Congress.*

[H. R. 2975, 84th Cong., 1st sess.]

A BILL To require approval by Congress of executive agreements with respect to the reduction of tariff rates before the same become effective

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the effective date of this Act no executive agreement which contains any provision for reduction of tariff rates shall become effective until such agreements shall have been filed for a period of 90 days with the Clerk of the House of Representatives and with the Secretary of the Senate. If during such period of 90 days, the Congress shall, by joint resolution, disapprove the agreement, it shall not thereafter be executed and shall for all purposes be void.

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
March 21, 1955.

Hon. HARRY BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. CHAIRMAN: I am writing you on behalf of a number of my constituents in South Carolina who are engaged in the plywood industry. Along with several other groups and industries, the people engaged in the production of plywood are deeply concerned over the possible adverse effects of H. R. 1 should that measure be approved by the Senate without protective amendment against plywood imports from Japan where labor costs are one-tenth or less than the same costs in my State.

According to information provided to me by the plywood industry from data secured from the United States Department of Commerce, there is, indeed, a great danger unless H. R. 1 is amended. In 1951, imported plywood shipments were only 9.9 percent as great as domestic shipments of 745.3 million square feet. But in 1954, imported plywood shipments were 60.7 percent as great as the 715.4 million square feet of domestic shipments.

Thus, it can be seen that in the period of 3 years, domestic shipments have decreased approximately 30 million square feet while imports have increased 600 percent. Imported plywood shipments amounted to less than 74 million square feet in 1951, but in 1954 reached a total of 434.5 million square feet.

In view of this serious competition from a country where wages are so low as to make it impossible to compete on an equitable basis, I am informed that 1 of 2 provisions are needed in H. R. 1 to provide protection for the people engaged in the production of plywood:

1. An amendment to set quotas on plywood imports based on the 1952 quantity of imported plywood.

2. To give the Tariff Commission authority to invoke the escape clause rather than leaving recommendations of Commission as merely advisory.

I shall appreciate your committee giving consideration to these points regarding H. R. 1.

With best wishes,

Sincerely,

STROM THURMOND.

UNITED STATES SENATE,
COMMITTEE ON ARMED SERVICES,
March 22, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: Last year, I submitted an amendment to H. R. 9474, the bill to extend the trade agreements authority under section 350 of the Tariff Act of 1930, as amended.

The amendment went to conference of the Senate and the House. The language, as passed, is as follows:

"SEC. 2. 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."

On January 26 of this year, I wrote the Secretary of State asking what procedures and criteria had been established to administer that section of the law. (See attached copy.)

Having received only an acknowledgment of my January 26 letter, I repeated my request to the Secretary of State on March 4. (See attached copy.)

Under date of March 10, I received a letter from Assistant Secretary Morton, replying to my previous letters. (The former is attached.)

As will be noted from the above-referred-to letter of March 10, a somewhat voluntary and loose procedure has been established, which permits, but does not require, that section 2 of the act, or the clear intent of Congress, be administered effectively.

Could not the failure of the State Department's letter to reply to the specific inquiry be interpreted to mean that no criteria have been set up to administer this section?

Accordingly, it would appear that legislative action may be the only way to stipulate that the President make findings and give appropriate consideration to such findings in respect to the effects of tariff reductions upon domestic production of articles needed for projected national defense requirements.

I submit, therefore, for your consideration the necessity for not only including section 2 as presently written but for adding an additional paragraph to that section, as follows:

"To implement the preceding paragraph of this section, the President shall prepare and issue criteria to be applied in making the required findings. In each instance of a tariff reduction under section 350 of the Tariff Act of 1930, as amended, the President must make a specific finding under such criteria prior to any change in the tariff duty."

I would deeply appreciate your giving consideration to this proposal, and would be very glad to discuss it with you further any time at your convenience.

Sincerely,

STUART SYMINGTON.

NEW YORK, N. Y., *March 23, 1955.*

Senator HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

Over 1,000 country newspaper editors replied to a poll conducted by the American Press Magazine in which we included question on Reciprocal Trade Agreements Act. Because we understand this bill is coming up for debate shortly we made tabulation on this question. We found 74.7 percent favor extension of agreement, 16.8 oppose it, and the rest are undecided. This tabulation includes replies from editors in every State of the Nation. Hope you will acquaint your committee with results of this poll and that you will find it useful. See question 4 on page 9 of our March issue mailed to you several days ago.

DON ROBINSON,
Editor, the American Press,
New York City.

MARCH 23, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We would appreciate your accepting this letter as our brief in opposition to the proposed extension of the Reciprocal Trade Agreement Act now pending before your committee, and would further request that our brief be made a portion of the printed transcript of the committee hearing itself.

We have been in the photographic and optical business for over 55 years, and have now reached the point where we can no longer maintain a profitable operation, due entirely to the importation of photographic shutters from Germany and Japan.

During the past year, our shutter business has dropped 75 percent, forcing us to lay off 76 of 110 skilled shutter makers, and another 390 of our 1,000 regular factory employees from our various other departments, which layoffs have been entirely due to the present low tariffs. In some departments, we have reached the point where we are employing only 1 person. These layoffs are continuing at the present time, and we anticipate laying off at least another 50 people within the next 2 weeks. Between 1949 and 1953 our shutter production averaged well over 100,000 units per year. In 1954, due to the imports of photographic shutters, this production dropped to 34,000 per year and is still continuing to decrease. The amount of labor necessary to manufacture a shutter represents 85 percent of the unit cost per shutter, and at our average rate of $2.25 per hour, it is quite impossible to compete with $0.35 to $0.50 per hour labor which exists for skilled shutter makers in Germany and approximately $0.15 to $0.20 per hour labor which exists for shutter makers in Japan.

In 1939 and 1940 when Germany was cut off as a source of supply for photographic shutters, we were very urgently requested by the United States Army Signal Corps to develop a shutter for their military requirements which we did in a very short period of time. However, if it were not for the fact that we had been able to maintain reasonable shutter production and as a result of this production, our own engineering and experimental departments, we could not have developed this urgently required military shutter.

We have now reached the point where we cannot even consider continuing our shutter engineering departments and experimental departments for possible future national-defense requirements, for to do so, and to keep the interest of our engineering personnel, we would have to maintain a reasonable shutter-manufacturing schedule. Another fact which will illustrate the gravity of the situation is that there are only two shutter manufacturers in the United States. During the last World War, we were sole supplier for many intricate and precision optical and photographic instruments and to maintain these very critical skills for possible future use in the event of a national emergency we must have the protection of higher tariffs on photographic shutters.

We have not only reached, but gravely surpassed, the so-called peril point, and if you grant the extension of the Reciprocal Trades Agreement Act, the duty on photographic shutters will undoubtedly be reduced by the present administration and we will be faced with very grave consequences.

We, in this country take pride in having created for our people the highest standard of living in the world and now it is certainly our job to maintain this

high standard of living, however, to do so we must continue to pay good wages. But, we cannot continue to pay good wages, and at the same time permit imports from countries which have much lower-wage scales and standards of living, for to do so, would most certainly result in causing a decrease in our own standard of living, and imperil our national security.

Exports have never been an important factor in our business, due to low level of labor rates in competitive industries in Germany and Japan.

Imports of competitive products from abroad are, however, a most important factor in our business. Our company is rather unique in the optical and photographic industries in that we are specialists in the manufacture of shutters and photographic lenses. Practically all manufacturers of cameras, with the exception of Eastman Kodak who produce their own, purchase our shutters and lenses. This business, particularly the shutter business, has almost completely gone to Germany and we have been forced to layoff a considerable number of experienced personnel.

Shutters are highly complicated precision instruments, more difficult to manufacture than watches, due to the variety of speeds and openings used in an expensive shutter. In October 1953 our shutter-assembly departments had 110 employees; a year later they had 34 and further cuts are expected. Many of our shutter parts are made on punch presses. In October 1953 we had 14 press operators, a year later we had 2; we now employ 1. Many other departments are affected similarly.

Our shutter-makers are highly skilled people with many years of experience. It takes two to three years to train one and only a small percentage of people, to whom we give training, succeed in becoming shutter-makers. Shutters are not items that can be mass produced. Each is built individually. Our Rapax shutter has 186 parts, many of them so small that they must be handled with pincers. We are losing these skilled people, due to layoffs. Our union contract and seniority rules give us only slight chances to keep them. We have no assurance that we will ever get them back. The same is true of other skilled occupations. Precision lens polishers and lens grinders were listed by the United States Department of Labor as extremely scarce and were deferred by draft boards during World War II and the Korean incident, yet we have to let these skilled people go for lack of work, perhaps forever.

To sum it all up, the impact of imports on our company is disastrous. Naturally, we are considering steps to keep this company in business, but we do not see any way of keeping our skilled help on our payroll.

As mentioned above, our company is rather unique in the industry in the particular combination of special services we supply, but all of the optical and photographic industry is affected to some extent. Some of the manufacturers in the industry produce large amounts of photographic paper, film, and chemicals. To them, precision optical instruments and lenses are a sideline, sometimes not even a profitable one. As far as those companies are concerned, their survival is not at stake, but the skill of the employees involved in work similar to ours is at stake. Other manufacturers in the field produce cameras, and have turned to Germany for their shutters to bring down the price of their cameras and to come closer to the price of German cameras. Their efforts in this respect are bound to fail. The old chestnut that American workers are so much more productive than the foreign labor may be true in mass production industries where capital investments are terrifically high and American workers produce more because they have better tools to work with; it is not true in most operations of the optical and photographic precision industry where cost of labor is high, where great skill is involved, where mass production methods cannot be used due to the great variety of products and relatively small number of units produced and where therefore the tools used have not increased productivity sufficiently to overcome the difference in labor costs.

Other manufacturers in the industry are also in the orphthalmic field. It must be remembered that the skills of such people as lens polishers and lens grinders of ophthalmic lenses can in no way be transferred to precision lens polishers and grinders. It is a completely different trade. These manufacturers also are affected by the loss of their precision optical business.

Today highly experienced and skilled people, laid off by the photographic and optical industry, are walking the streets looking for a job in their trade and there are none to be had. These are men that any employment manager would have given his right arm to be able to hire 3 and 4 years ago and 10 to 15 years ago. Yet, today, no one can use them. They accept unskilled jobs in all kinds of work where they earn only a fraction of their customary rate and where within

a fairly short period of time, they lose their skill and their ability to do the fine work and delicate adjustment necessary in our type of product.

Our industry is an imported industry. It was built up by imported skilled craftsmen who came from Germany. The Bauschs, the Lombs, the Wollensaks, and many others and even today, the industry is full of people of German birth or German origin. They brought the skill and taught it to others. When World War I came along, it was only a small industry, but suddenly German imports stopped and efforts had to be made to substitute American made products for German imports. There was lots of time, however, 3 years, 1914 to 1917, before we got into the scrap and even then we weren't ready. It took another year to equip an Army. The optical industry was one of those that was not ready, but it grew fast during and after World War I, when photography became of such tremendous importance in peace and war. We were ready in World War II and Korea. Optical and photographic equipment, bomb sights, gun sights, tank sights, periscopes, telescopes, binoculars, cameras of all types, all needing lenses and instruments that only the optical industry with its skilled help could supply; all these and many others, too numerous to mention, flowed in never ending stream to the Armed Forces. Again, however, we had time to do training, to enlarge our facilities, to plan, and to produce, but even then we could not do it without exempting from military service those who had the skill to do the work.

What is the situation today? The industry is losing a large part of skilled help, and those that remain are the older employees, many of whom have been with the industry for 25 to 50 years. They have never done anything else and they are expert craftsmen, but they are not getting any younger. Within a few years, these skills will be gone. They tell us that in the next war we will not have time to prepare. How then, can we produce precision equipment without trained help. How good is a camera without a lense or a shutter, how good a pair of binoculars, without prisms, how good an atomic submarine without a periscope, how good a bomb sight without an optical system? Are we going to fight the next war blindfolded? That is exactly what we are going to do, unless something is done to keep optical plants going.

The choice is up to our Government and to Congress. We, as a company, are an insignificant part of American industry. We, naturally, try to get into some related business and we will probably succeed. Even if we don't, a small plant will close up, there will be 750 more unemployed, a few investors will lose some money. Small concern when we are used to talking about billions of dollars and millions of people, but we represent today an important part of an industry without which no war can possibly be won. Draw your own conclusions, but, we hope, that the people who now decided that we don't need an optical industry will have the right answers when the bombs start dropping.

To give you an idea of the intricacy of the photographic shutter, we are enclosing 2 prints, 1 showing an exploded view of our Rapax shutters, and the other showing a picture of our shutter, less the cover or nameplate. (The prints referred to are on file with the committee.)

We have requested the Federal Tariff Commission to commence an investigation under the provisions of section 336 of the Tariff Act of 1930 with regard to the cost of production of photographic shutters, which are component parts of cameras under paragraph 1551, schedule 15 (sundries), dutiable list, title I of the Tariff Act of 1930 with the hope that we may be able to obtain a 50-percent increase in the present duty as permitted by the act. However, the 50-percent increase in duty will not be of any great value, although it is better than nothing.

We most sincerely believe that we should be permitted to compete with imported products on a fair and equitable basis, and the only fair and equitable basis is to compete on the same or similar labor rates, particularly in industries where the cost of labor is 85 percent to 90 percent of the total cost of manufacture of the end products.

We would also like to point out that the recent proposal by the Government of possibly subsidizing our industry, among others, is not necessary or desired. We can obtain the same result with tariff laws and rates of duty which equalize the variation in labor rates between our country and foreign countries, and without any further drain on our taxpayers.

Trusting you understand our position in this matter and will give serious consideration to denying extension of the Reciprocal Trade Agreements Act.

Sincerely yours,

WOLLENSAK OPTICAL CO.,
ROBERT E. SPRINGER, *Treasurer*.

AMERICAN COALITION,
Washington 6, D. C., March 23, 1955.

STATEMENT FOR THE HEARING RECORD OF THE SENATE FINANCE COMMITTEE IN OPPOSITION TO H. R. 1 AND THE RENEWAL OF THE RECIPROCAL TRADE AGREEMENTS ACT

Mr. Chairman, we of the American Coalition of 100 civic, fraternal, and patriotic societies, share your concern for the survival of this country under the Constitution of the United States. We want to tell you that our mail is full of letters expressing anxiety in the present crisis and an awareness that all is not well. Many think there is a conspiracy to destroy this country from within. You are in a better position than we to know what the machinations may be to this end. We count on you as a court of last resort to whom is delegated the power of the sovereign people to stop, look, and listen before it is forever too late. It has taken thousands of years to realize freedom, but we can lose it in 50 or 60 years.

UNDERMINING THE CONSTITUTION

The Founding Fathers set up a Constitution providing for divided powers among the three branches of Government. We have seen the expansion of the Constitution beyond its letter and spirit through judicial legislation by the Supreme Court of the United States. This has happened again as recently as March 7, 1955, case No. 30, *Natl. City Bank of N. Y.* v. *The Republic of China*, in which the minority opinion conceded that the Supreme Court had invaded the power of the legislative branch in this case, and has itself established political and economic policy. We have seen the welfare clause mutilated into a handout system. We have seen the income tax operate in violation of American principles respecting property and justice.

RECIPROCAL TRADE PROGRAM REPRESENTS ANOTHER ATTACK ON THE CONSTITUTION

H. R. 1, the 3-year extension of the so-called Reciprocal Trade Agreements Act, giving the President and the executive branch of Government unprecedented power, is must legislation foisted on the legislative branch in order to make this new International Organization for Trade Cooperation binding on the United States. An Under Secretary of State has already signed this successor to General Agreements on Tariffs and Trade (GATT). To what is the United States already committed? No one knows exactly, but we do know for sure that the whole world is trying to get control of our resources. In these circumstances, the legislative branch ought to jealously guard and restore its constitutional responsibility to regulate foreign commerce.

Enactment of this bill would give the Department of State a terrible club of intimidation over every businessman. He will either have to cooperate with the International Organization for Trade Cooperation (the old GATT) or competition can be let in on him which will destroy him because he cannot compete with like goods manufactured in low-wage countries. In this cooperation deal, the United States has 1 vote among 33 foreign votes. The result would amount to economic exploitation of the United States. What with foreign handouts, lower tariffs, immigration bars lifted, our wealth is being drained away.

NOT FREE OR RECIPROCAL TRADE

Congress is supposed to hold hearings where businessmen can come and plead their cases, where everything would be open and aboveboard. But instead of open and aboveboard hearings, businessmen now have decisions handed down to them from behind the closed doors of the executive branch—the Department of State.

What they propose is not free trade, much less reciprocal. It is selected trade not based on any inherent advantage to the United States. Only Europe and Asia gain. Foreigners tell us what they want; we give it to them. They give us in exchange what they don't want and protect what they do want. No country ever got rich and prosperous by trading in like goods. It's like taking in your own washing. By accepting like goods, we permit foreign industries which we have built up with American capital to come in here and knock down our industries, causing unemployment for which we must compensate by more Government spending in subsidies to both industry and labor. It is a device for

increasing Government spending. Could this be a part of the suspected conspiracy?

We have the lowest tariff in our history. It is lower than that of any of the chief trading nations. Other countries use the tariff in addition to other devices, such as currency controls, state trading, barters, and cartels to protect their industries. (See Congressional Record, February 16, 1955, A918, by Hon. Daniel A. Reed for documentation.) Why is it that only in the United States it is a crime against God and man to strive for self-sufficiency?

The report of the committee on Interior and Insular Affairs, 82d Congress, No. 1627, on minerals, materials, and fuels gives us the facts that show we can be self-sufficient in this hemisphere if we want to be. Instead of weakening ourselves by bringing on an unstable economy, let us strengthen ourselves against the day when survival may well depend on self-sufficiency and our ability to make our own decisions.

If we depend on foreign markets, we will be tied to foreign politics and consequent endless wars to protect those markets.

IS THERE A CONSPIRACY AGAINST THE UNITED STATES?

A government of limited powers is becoming a government of unlimited powers. The road leads to world government which would, of course, guarantee the control of United States wealth. It is a must for the U. S. S. R. With world government they win. We can't fight them any more. The United States would be lost in a Sargassa Sea of Socialist-Communist majorities, our freedoms gone forever.

In 1942, Time magazine for March 16 reported on an American Malvern, the "high spots of organized United States Protestantism's super-Protestant new program for a just and durable peace. * * *"

Mr. John Foster Dulles, now Secretary of State, was then chairman of a committee of the Federal (now National) Council of Churches of Christ in America that adopted the following program:

"Ultimately a world government of delegated powers.

"Complete abandonment of United States isolationism.

"Strong immediate limitations on national sovereignty.

"International control of all armies and navies.

"A universal system of money * * * so planned as to prevent inflation and deflation.

"Worldwide freedom of immigration.

"Progressive elimination of all tariff and quota restrictions on world trade.

"Autonomy for all subject and colonial peoples, with much better treatment for Negroes in the United States.

"No punitive reparations, no humiliating decrees of war guilt, no arbitrary dismemberment of nations.

"A 'democratically controlled' international bank 'to make development capital available in all parts of the world without the predatory imperialistic aftermath so characteristic of large-scale private and governmental loans.'"

Much of this seems to be present-day foreign policy.

Gentlemen, don't give this country away. You don't have to be that big a brother. We don't want to commit hari kari. "Brotherhood" is another racket to condition our thinking for one Socialist-Comunist controlled world.

If you pass this legislation you are driving another big hole in the Constitution. The ship of state is already sinking. Reject H. R. 1 and take back your constitutional responsibility to regulate foreign commerce in the interests of a stable economy and the very survival of our beloved country.

The watchwords of American self-preservation are personal God-given liberty, strictly limited constitutional government and national independence—the right to be the arbiters of our own destiny.

MADALEN DINGLEY LEETCH, *Secretary.*

H-B INSTRUMENT CO.,
Philadelphia 40, Pa., March 14, 1955.

Hon. JAMES C. DUFF,
Senate Office Building,
Washington, D. C.

HONORABLE SIR: The Senate Finance Committee will go into executive session on March 14 to prepare H. R. 1, the bill embodying the Randall Commission's

recommendations for lower tariffs, for debate on the floor of the Senate. At the present time, H. R. 1 does not make any provision for safeguarding essential skills in strategic defense industries. Naturally, this is of great concern to us, not only from our own viewpoint as a corporation that will be directly affected by this legislation, but because of our concern for its long-range effect on American industry vital to our national security.

The scientific apparatus and technical instrument industry is associated with many vital defense industries, ranging from machine tools to shears and scissors, from watches to sewing machines. Domestic procurement of products such as electronic equipment, switchgear controls, and many other products for installation at strategic locations in this country, is a matter of great importance to our national security. The maintenance of small companies such as ours, whose products are basic to nuclear research, health programs, and improved industrial procedures, should be of vital concern to everyone, especially to those who are in a position to voice their opinion regarding tariff legislation.

We sincerely urge you to consider well the effect of lower tariffs on equipment and supplies which can be manufactured abroad at a much lower price, due, principally, to lower labor rates. Taking a long-range view of such a condition, one can only conclude that a manufacturer competing in such a market will have but three choices: (*a*) go out of business, if he cannot compete in such a market; (*b*) cheapen his product to meet competition; (*c*) decrease his wage rate in order to keep the prices of his products competitive, in view of the inrush of foreign products.

None of the above alternatives can benefit the American community as a whole. It is our opinion that such tariff decreases can only lower our own standard of living and endanger industry vital to defense.

One other point, honorable sir, which we would like to make. Reductions of tariffs abroad by foreign governments will not necessarily follow. It is impossible to export American goods into many foreign areas because of restricted tariff regulations in effect today. For instance, Commonwealth tariff preferences favor the United Kingdom as a source of supply in every case. In the face of lower tariffs domestically, and restricted tariffs abroad, those larger American companies able to withstand the initial shock of these reduced tariffs will be tempted to invest dollars abroad to set up production facilities in foreign countries, in order to produce equipment under lower labor rates or to compete within countries with restricted tariffs. This, too, would have a bad effect in that it would be taking jobs away from American workers and creating them in foreign countries.

We sincerely urge you, Senator Duff, to exert your influence toward the adoption of the attached proposed amendment to H. R. 1. We feel that the adoption of this amendment will be an important safegard against the weakening of our national defense industry potential by the inrush of cheap technical equipment. Please give this important matter your most serious consideration.

Very respectfully,

ALBERT C. SCHILLING, *Secretary.*

AMENDMENT TO PROTECT NATIONAL DEFENSE AND PUBLIC HEALTH

1. Whenever in any proceeding under section 7 it appears that the national defense, security, or public health of the United States is or may be jeopardized by importations of any article or material into the United States, the Tariff Commission shall report such finding to the Defense Mobilization Board, or to such other agency as may be designated by the President.

2. The Defense Mobilization Board, or such other agency as may be designated by the President, shall promptly investigate the nature and extent of such actual or potential injury and shall submit its findings thereon, together with such recommendations as may be deemed necessary, to the President within 90 days after the date of such referral by the Commission. In determining whether or to what extent the security or public health of the United States is or may be injured, the Office of Defense Mobilization shall investigate, among other causes of injury, the extent to which loss of the domestic market for a product or service has resulted or will result in—

(*a*) loss of unique work skills deemed indispensable to the security of the United States;

(*b*) failure to develop or maintain domestic sources of raw materials considered of critical importance in time of war, and

(*c*) inability to construct or maintain manufacturing facilities for the production of articles or materials deemed essential in time of emergency.

3. In any proceeding in which the ODM shall find any such injury or threatened injury to the national defense or public health, it shall recommend to the President such remedies as it deems appropriate to reduce or eliminate such threat, including imposition of additional duties, use of import quotas, stockpiling, and other forms of Government procurement, including preferential treatment of domestic producers.

4. Without regard to any other provision of the Reciprocal Trade Agreements Act, the President should be authorized within the limits of this amendment and existing appropriations, to take such action as he deems necessary to protect the security and health of the United States.

CHICAGO BRIDGE & IRON CO.,
Chicago, Ill., March 22, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Our attention has been called to the proposed amendment to the reciprocal trade bill introduced by Senator Martin, of Pennsylvania. This amendment proposes, among other things, to limit drastically the total quantity of crude petroleum and products derived therefrom which may be imported into the United States.

For many years we have been erecting oil storage tanks in many different countries, and particularly in Venezuela, where we have a subsidiary. Our subsidiary has an office in Caracas as well as facilities at La Salina and Puerto la Cruz for storing, reconditioning, and distributing field equipment and in addition, at Puerto la Cruz, shop or fabricating operations can be performed. Our subsidiary employs in Venezuela approximately 60 Americans and approximately 200 non-Americans, principally Venezuelan citizens. Contracts closed for 1954 amounted to more than $2,700,000 without including our own exports of fabricated steel to Venezuela. Most of the work of our subsidiary is done for the American oil companies which operate in Venezuela. We are, therefore, vitally interested in the petroleum industry in Venezuela and we have had an opportunity to observe and appraise the operations of that subsidiary.

Venezuela has thus far developed its own economy, and has maintained its currency at parity with or at a premium to the dollar, without receiving financial aid from the United States. That achievement is almost unique in the postwar world. The whole economy of Venezuela will suffer if oil production is curtailed and that, of course, will mean reduced opportunities for construction work in Venezuela and reduced exports of fabricated steel to Venezuela. Furthermore, Venezuela is an important market for many commodities exported from the United States besides steel, and obviously anything which impairs the ability of Venezuela to earn dollars will correspondingly impair her ability to buy American goods.

Importation of petroleum products tends to conserve domestic reserves. Encouragement of petroleum production in Venezuela will serve to maintain an industry which may be indispensable to the United States in case of war. For these reasons it would be a great mistake to adopt legislation that would seriously and adversely affect the oil industry in Venezuela.

We believe we are speaking for the best interests of the people of the United States, and not solely in our own behalf, when we urge that restrictions on the importation of petroleum products should not be increased.

This letter supplements our telegram to you dated March 17, 1955.

Very truly yours,

HORACE B. HORTON, *President.*

KALAMAZOO VEGETABLE PARCHMENT CO.,
Kalamazoo, Mich., March 23, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: Our company, the Kalamazoo Vegetable Parchment Co., is a large manufacturer of food protection papers. Our investment is, roughly, half in the United States and half in Canada. We realize that this situation is

somewhat unusual and it may give us a little different outlook concerning reciprocal trade agreements.

We do know that our material and labor costs in the Province of Ontario, where most of our Canadian plants are located, are very comparable to the costs that we have in our plants in the United States.

We have followed the studies of the Randall Commission carefully and are generally in accord with their recommendations. We believe that it has been the attitude of the paper industry as a whole to support the recommendations of the Randall Commission, and we wish to add our support to that of the industry.

We do believe that there is some question concerning certain wording in H. R. 1, but we do believe that if the words "negligible" and "inconsequential" are specified to relate to the American industry affected, this bill very closely meets our thinking.

We hope that you and your committee will support H. R. 1.

Sincerely yours,

DWIGHT L. STOCKER.

DETROIT BOARD OF COMMERCE,
Detroit, Mich., March 24, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: We wish to go on record in support of H. R. 1, Trade Agreements Extension Act of 1955.

It is regrettable that the sixth international trade tour sponsored by this organization took us through Latin America at a time when you were holding hearings on H. R. 1, thus precluding us from the opportunity of testifying in person. However, we wish to state that travel through the Latin American Republics proved to be assuring to our policy calling for increased international trade. We believe that the reciprocal trade agreements program has done much to stimulate our foreign trade, and although the program does not go far enough, we still feel that it should be continued.

Foreign trade is vital to the employment of many in the United States—particularly so to people in Detroit. We calculate that as an average 1 out of 7 in manufacturing in Detroit owes his living because of foreign trade. This figure does not do justice to some of our larger manufacturing firms who have calculated a 1-out-of-5 ratio, but 1-out-of-7 is a fair average. Our great stake in foreign trade neecssarily prompts us to support a program which has done much to stimulate that trade and to keep employment high.

One should keep in mind that it is not only Detroit which has such a vital inteerst at stake in foreign trade. The same can be said also for various industries in other parts of the country—industries which supply Detroit with raw materials. Detroit's automobile industry provides a major market for the steel industry and for the rubber and glass industries as well. Numerous factories throughout the United States contribute automobile parts and accessories and thus are also affected by the welfare of the automobile industry. We submit that Detroit must sell to keep is payrolls high, and this cannot be accomplished by selling to the domestic market alone.

Our markets throughout the Latin American Republics have been substantial, but they are starting to slip. Colombia is probably the most recent country to impose restrictions on imported automobiles, and unless other countries are able to continually obtain dollars through sales to the United States, they too will impose restrictions. For example the dollar-earning ability of Mexico has been hampered by United States agricultural quota restrictions on sugar and on tomatoes, and that of Peru by our restrictions on sugar. These countries should have the opportunity to compete in the United States and buy our product in return.

Our markets in Brazil and Argentina are more potential than actual. As such, those two nations provide a golden opportunity for our reciprocal trade agreements program. The peoples of Brazil and Argentina, as in other nations of the world, are starving for United States products and begging the opportunity to earn them through trade. Naturally if the products of those countries are kept out of the United States, they will eventually find markets in other parts of the world. They will also buy from those other parts of the world, and our foreign markets will diminish.

Our own enlightened self-interests dictate the necessity for continuance of the reciprocal trade agreements program—and passage of H. R. 1 without amendment.

Respectfully submitted

GERALD R. HEATTER,
Manager, World Trade Department.

CALIFORNIA TEXAS OIL CO., LTD.,
New York 17, N. Y., March 22, 1955.

Hon. HARRY F. BYRD.,
Chairman, Finance Committee,
United States Senate, Washington, D. C.

MY DEAR SENATOR BYRD: We have been reading with interest the accounts of the hearings before your committee on the extension of the Reciprocal Trade Agreements Act and I thought it might be of value to your committee to hear of our experience in our operations overseas.

This experience has shown that the forward-looking measures enacted by the Congress in past years directed toward the liberalization and expansion of world trade have found a counterpart in specific constructive action in the same direction by other governments.

In the years after the war, European countries faced a serious dollar shortage and the position of American oil companies was in jeopardy due to the availability of oil which could be bought for other currencies. However, through patient negotiations with the governments concerned, we succeeded in working out mutually satisfactory arrangements which enabled us to retain our markets.

In these negotiations and subsequently, we have been greatly impressed by the constructive attitude and good faith which were consistently manifested by the governments concerned throughout a difficult period.

For example, we have been able to develop arrangements with the United Kingdom authorities under which Caltex can operate in all parts of the sterling area under substantially the same conditions as British-owned companies do and the scope of our operations has been progressively expanded as the United Kingdom dollar position improved. We are able to sell our products for sterling currency, receive comparable treatment in securing scarce materials where necessary, and we are able to obtain our requirements of dollars to cover necessary dollar expenditures for supplies, salaries, profits, etc.

Holland is another striking example. In the darkest days of Holland's dollar difficulties our working arrangements with the authorities required sacrifices on both sides. However, as the dollar position of the Dutch improved, the reaction of the Dutch authorities fully reflected their fairness and forward-looking approach: They voluntarily and substantially increased their ratio of dollar settlements on purchases of our oil.

We cite these examples to show that the attitude of overseas governments has been a fair and constructive one that has fostered the participation of American companies in international trade. We have found this to be true generally in the areas in which we operate; Europe, Asia, Africa and Australia. The governments concerned seem freely to recognize the need for and advantages of American enterprise and capital. We feel sure that the experience of other American companies which have been willing to exercise the patience to understand the fundamental problems that faced these governments and expend the effort to work out solutions to them, must have been similar.

For these reasons we believe that the Congress can continue the enactment of measures to promote international trade such as the extension of the Reciprocal Trade Agreements Act, in the confidence that its efforts will bring forth equally constructive responses from other governments of the free world. Only in this way—by peoples trading with each other on a confident and expanding scale and thus serving and understanding each other better—can the cause of world peace find surer foundations, in our opinion.

Sincerely yours,

W. F. BRAMSTEDT.

NATIONAL BUREAU FOR ECONOMIC REALISM, INC.,
New York 17, N. Y., March 25, 1955.

THE COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: I regret that I have not had an opportunity to testify. I am, however, grateful for the committee's kindness in permitting my views to be included in the record and to be given consideration.

I am particularly grateful for the telegram of March 22, 1955, from Mrs. Elizabeth B. Springer, chief clerk, Senate Finance Committee, assuring us that it will be a part of the printed hearings.

Attached are: (1) Three copies for the record as requested by Mrs. Springer; (2) fifteen additional copies to be available for the chairman and members of the committee.

One copy of the photostat of the articles of incorporation of the Committee for a National Trade Policy, Inc., is also attached. We can supply as many copies as the committee desires.

Sincerely,

ROBERT M. BURR, *President.*

"LET'S KEEP WORKING SO THAT WE CAN KEEP GIVING"

(Statement to Committee on Finance, United States Senate, Washington, D. C., by Robert M. Burr, President of the National Bureau for Economic Realism, Inc., New York 17, N. Y.)

Ninety-two years ago, on November 19, 1863, a mile or so from the new Gettysburg, Pa., residence of President Eisenhower, another great President of the United States made a speech. He was Abraham Lincoln. He said: "The world will little note nor long remember what we say here, but it can never forget what they did here."

What is to be done by this Senate Finance Committee will affect basic principles governing the free economics of the United States in relation to the rest of the world, the defense of this Nation, and the very future of our children.

Accordingly, it is my purpose respectfully to ask the committee to permit me to present causes, not merely effects.

This dare not become a political issue, with partisanship emotion superimposing itself over economic realism. Certainly no decent man amongst us wants communism to win. Certainly all of us want to help our allies and our friends in other lands.

But the means of helping them should result from a study of all the facts and all the motives—not from clever propaganda, inspired by one highly organized, heavily subsidized propaganda machine.

For instance, the League of Women Voters of the United States yesterday (March 24, 1955) sent a letter to all Members of the Senate in which they accuse industries which do not see eye to eye with the notable Committee for a National Trade Policy, Inc., of wishing to stifle competition. It would be pertinent to call in Mrs. John G. Lee, national president, who signed the letter which professes great economic knowledge and ask her a few questions:

(1) Who inspired this letter?

(2) Who wrote the draft?

(3) Who furnished the facts to justify all of these statements?

I use this merely as an immediate example of a concerted propaganda campaign. (The story from the Washington, D. C., Post, Friday, March 25, 1955, is addended.)

It would be interesting to know exactly what part the Committee for a National Trade Policy, Inc., had in fostering this letter to the Senate, if we seek cause rather than effect.

Bernard M. Baruch, distinguished elder statesman, made this apt comment in his new book, A Philosophy for Our Time. He said:

"Many acts of government intervention in the field of economics fail for just this reason: Because they are taken as isolated piecemeal moves instead of being fitted into the whole economy."

It seems strange for this women's organization, as part of a gigantic propaganda scheme, to accuse American industry of trying to stifle competition, while the parent of the propaganda, the Committee for a National Trade Policy, Inc., is trying to do just that very thing.

Again let me quote Mr. Bernard M. Baruch. He writes:

"What is needed, in short, is for each of us to rediscover and reapply the law of demand and supply, making it our ally, not enemy, in the adjustments that lie ahead.

"The workings of supply and demand, as we have seen, are those of a never-ending chain reaction of adjustment. Whatever is done in one direction inspires some counterbalancing, compensating action by other parts of the economy."

That is looking at causes, not alone at effects. Every American who is not a Communist, Socialist, or one-worlder cannot disagree. Because there is one law that not even this Congress can repeal—the law of demand and supply. That is the real cause.

Therefore, I recommend that this committee disregard all propaganda, including my own today, and dig into the basic causes—not theories; go back to first things first; review the reasons for the reciprocal-trade agreements in the beginning; their relationship to other legislation passed by the Congress of the United States, which may be irrevocably linked with reciprocal-trade problems, and look at the broad picture—before coming to any final conclusion.

The decisions of this committee must depend on the fullest information from which you have to make your judgment. From your considered judgment, the Senate—and then the Congress, as a whole—must bank on the hope that they have had the fullest information possible.

From where does most of this information and most of this propaganda stem, on both sides of the issue? On one side, we have the proponents of a policy which, in effect, says: "Let's keep working—so we can keep giving." They are sincere Americans, honestly believing it is in the best enlightened self-interest of the United States—and therefore of the world.

On the other side, we also have very sincere Americans. But we also have one of the most highly organized and brilliantly conceived propaganda machines in the history of the United States, the Committee for a national Trade Policy, Inc., about which most of us know very little.

The president of the Committee for a National Trade Policy, Inc., is Mr. Charles P. Taft, of Cincinnati, Ohio. He appeared before your committee on Friday, March 18, in one of his many appearances, to advocate the fight for freer trade. One can judge his purposes only from the transcript of his testimony and from the newspapers.

I quote the New York Times article of Saturday, March 19, 1955:

"ATTACK ON TARIFF ACT FOES BY C. P. TAFT STIRS DISPUTE

(By Allen Drury)

"WASHINGTON, March 18.—Charles P. Taft described opponents of the reciprocal-trade program as 'professional pessimists' today. In so doing he touched off the bitterest wrangle in a month of Senate Finance Committee hearings on H. R. 1.

"Patience wore thin, tempers snapped, and several committee members left the room in a huff.

"At times the 3-hour dispute was reminiscent of the days when Mr. Taft's brother, the late Senator Robert A. Taft, was a member of the committee. It served to emphasize the bitterness that is beginning to surround the trade issue as it moves toward a decision in the Senate.

"Mr. Taft, a Cincinnati lawyer who is president of the Committee for a National Trade Policy, fired the opening gun with a prepared statement. In it he asked that he be allowed to 'bring a little sanity into the record' of hearings on H. R. 1, the bill to extend the trade program to June 30, 1958.

"Most of the opposition to the bill, he declared, has been based on fear of what might happen to American industries if more foreign imports were allowed to enter the country.

"'I cannot refrain from expressing here my sense of outrage,' Mr. Taft said, 'at those who have played upon this kind of natural fear and have induced innocent workmen willingly or unwillingly to flood this Congress with postcards which carry statements that the prime circulators must know to be lies and who have procured the publication of advertisements, signed by local labor unions, but beyond doubt instigated by the companies concerned, which can only be described as outright misrepresentations.'

"Mr. Taft declared that when opponents of the program come before the committee 'they are professional pessimists and their wails of anguish are heart-rending.'

" 'When they speak to their stockholders or to the press the picture is quite different,' he said.

"He said that injury from import competition, 'when it rarely does occur * * * is no different in kind from injury as a result of domestic competition, which happens every day.'

"He asserted his organization recognized that such import competition should not be brought on any industry 'by a sudden and substantial reduction of a tariff.'

"H. R. 1, he said, 'is such a moderate increase in the President's authority that it would cause no such serious adjustment problems.

"Mr. Taft singled out the chemical and bicycle industries to support his assertion that some business spokesmen had talked one way to the committee and another way to their stockholders.

"Bicycle makers, he said, have complained for years that the British were gaining a larger share of the American market.

" 'But up through 1953,' he declared, 'the American companies were making more bicycles and more money—over 2 million bikes in 1953, a record and a steady rise since 1949.'

" 'The chemical industry,' he asserted, 'although expressing fear of the effects of H. R. 1, put $1,200 millions into new plant in 1954, and now projects $1,500 millions for such investment in 1955.

" 'How does that gee with their pessimism here?' Mr. Taft demanded. 'Their stake in exports is far beyond their concern about imports, and in 1954 both Dow and Monsanto increased their exports by 25 percent over the prior year.'

"Mr. Taft then left his prepared text and asserted that the textile industry, which testified yesterday against the bill, was actually in very good shape and not suffering from imports. This provoked Senator Eugene D. Millikin, Republican, of Colorado, a longtime supporter and intimate friend of Senator Taft, to protest.

"He said witness after witness had come before the committee and testified to injury from Japanese competition.

"Mr. Taft looked skeptical.

" 'I'm stating the facts,' he asserted bluntly.

" 'Wait, wait, wait, now,' Senator Millikin said. 'No man is wise enough to say he knows all the facts. I'm assuming Congress looks at the whole situation and decides injury is being done, and then Congress writes in some protection. What of that?'

" 'Oh, I obey the law,' Mr. Taft remarked, 'I think Congress would be wrong, but I obey the law.'

" 'We've had witness after witness——,' Senator Millikin began.

" 'All I'm saying is that they're telling you different things than they're telling their stockholders,' Mr. Taft interrupted.

" 'At least, there's an average of truth——,' Senator Millikin began again.

" 'I cannot agree, Senator,' Mr. Taft said firmly.

" 'I'm telling you what has been testified——,' Senator Millikin said.

" 'And I'm telling you they're not telling you all the facts,' Mr. Taft replied.

" 'Well, Senator,' (sic) said Senator Millikin, his face flushing, that's a very easy way to dispose of the facts.'

KERR TAKES OVER

"At this point, Senator Robert S. Kerr, Democrat, of Oklahoma, took over. He was concerned about the effect of oil imports on independent domestic producers.

" 'The independents are on a thoroughly sound economic basis now,' Mr. Taft said.

" 'You don't take the position you're the only honest witness or informed witness that's come here, do you?' Senator Kerr demanded.

" 'Oh, no, sir,' Mr. Taft assured him.

" 'Well, that's comforting,' Senator Kerr said. 'I had a kind of sense of shock and outrage myself when I read your statement.'

"A little later, when Mr. Taft remarked that the kind of readjustment caused by import competition is going on every single month and every single year through normal business competition, Senator Kerr observed tartly:

" 'I think it's a great blessing for this committee to have before it a human encyclopedia who has all knowledge and all wisdom. Do you think you've got

a corner on accurate information? Do you think the committee is capable of getting accurate information from any other source?'

" 'Oh, certainly,' Mr. Taft said. 'But the habit of this committee has been to hear anyone who asked to appear, and naturally they've been self-interested.'

" 'You think they are all professional pessimists and their wails of anguish are heartrending?' Senator Kerr demanded angrily.

" 'That's a generalized statement which is generally true, but to which there may be some exceptions,' Mr. Taft replied with a smile.

" 'It's rather lurid language to come from the mouth of a Taft,' Senator Millikin interjected, without a smile.

"Finally Senator Kerr walked out, muttering something about, 'Won't be back until he's finished.' Senator Alben W. Barkley, Democrat, of Kentucky, also left. But both returned before Mr. Taft was through. His closing moments on the stand were spent responding to questions from Senator George W. Malone, Republican, of Nevada, a bitter opponent of the trade program.

"After Senator Malone had insisted that the program was bad and Mr. Taft had repeated his earlier statements that the program was good, quiet descended and the committee proceeded to hear statements."

This organization is headed by some of America's most distinguished industrialists, some of whom have appeared before this committee and before the House committee. They have been in the forefront of this entire matter and are generally recognized as the chief advisers to Mr. Clarence Randall, chairman of the Inland Steel Co., who is special consultant to the President on this foreign-trade and tariff situation.

We do not take issue with the Committee for a National Trade Policy, Inc., as to their rights in the case. They rate as any American citizen or any American group of citizens—who fight for what they believe is the right.

But, in the best interests of the Nation, of the President, and of this committee, it is important to know more about this Committee for a National Trade Policy, Inc.; how it came into being, its purposes, its founders, and other factors that might indeed assist not only this committee, but the President and his staff as well.

We dare not beat Russia by adopting her methods. If the United States is to become selective as to which segment of industry or labor should be elimi-

nated or relocated, this becomes a matter for very serious thought by the legislators, the administration, and all of our people. Who decides?

There is an unfortunate and growing tendency among many, both in industry and in labor, to be afraid to protest too strongly against any course which a vast propaganda program might be propounding, for fear of retaliation. These days, Government furnishes a good part of the industrial business of the Nation. Companies, which may depend for a large part of their business on Government orders, frequently bite their lips and remain silent. Obviously, the President and his top aides would never tolerate any such retaliation, but the fear exists—and is growing. I do know that many American industries and many American industrialists are indeed fearful of protesting against what they honestly feel may be an injustice in their area—afraid of having some other Government agency "teach them a lesson", when it comes to future Government business.

Can all of this result from a cleverly designed propaganda campaign—inspired abroad by our very friends whom we seek to help?

Let us examine the famous slogan of the committee for a National Trade Policy, Inc.; it is: "Trade, not aid!"

This slogan has been used by some of America's most eminent leaders, governmental and industrial. It is a good slogan. Who started it? Who made it up? Who conceived this brilliant selling idea that has swept America? Most persons who use the slogan don't know its source.

"Trade, not Aid" was invented by Mr. R. A. B. Butler, British Chancellor of the Exchequer, as a good Briton, to help his country.

I refer to Hansard, the British Congressional Record, issue of June 12, 1952, during the debate on European Payments Union and Balance of Payments. Mr. Butler was being questioned. On page 408 of that issue, he said:

"In the third place, our capacity to fulfill these tasks, unless it is done by the less desirable method of cutting down imports and consumption, is to expand production, to make the goods which the world wants at the price it is ready to pay. In particular we must expand our exports to the dollar and nonsterling world. This is a task for all; workers, employers and Government.

"Finally, I will repeat what I said in Paris, that our motto must be 'Trade, not Aid.' A large and expanding share of the world's trade is a condition of

the success of the policies at home and abroad to which we are all dedicated, and it is the fixed policy of the Government to strain every nerve to achieve this end."

And on the same page, and on page 409, Mr. Gaitshell, of the opposition party, said:

"Thirdly, as regards the slogan, 'Trade, not Aid'—which we would all support—will the right honorable gentleman please tell us what steps he is taking to discuss with the United States of America and other countries ways of achieving this end?"

In reply (p. 410), Mr. Butler said:

"On the question of 'Trade, Not Aid,' the mere fact that Her Majesty's Government are now proposing to take a lead in a most important position in OEEC and that we have already not only our own connection but close friendship and contact with the Commonwealth indicates that in any future approach to the United States of America we shall have with us the influence of all these great areas of the world in which we shall not only be a partner but also a leader; and that is the position our country should be in."

And, in conclusion, on pages 413 and 414 of Hansard for June 12, 1952, Sir W. Smithers sums it up thus:

"Sir W. SMITHERS. Is the Chancellor of the Exchequer aware that his statement, 'Trade, Not Aid' is the most sensible thing he has said for a long time, but it is meaningless unless he taks steps to remove all barriers to international trade and make the pound sterling freely convertible as soon as possible? Will the Government have the courage to take whatever steps are necessary, however unpopular, and damn the electoral consequences?

"Mr. SPEAKER. I think we might terminate this discussion upon that note."

The chief proponents in the United States, in carrying out this brilliant British campaign and the great British slogan, "Trade, Not Aid," invented by Mr. R. A. B. Butler, Chancellor of the Exchequer, to help his country, is the Committee for a National Trade Policy, Inc.

It is a good slogan—but if we seek all the facts, we now know who started it and that it is not an idea originated in the "enlightened self-interest of the United States," whatever it may now be considered.

Just who are the chief American proponents who seek to subordinate American industry and interests to theories about leveling off this country's wealth to make all countries equal? Is this all kindness and light? Do the American people know the sources? Does the Congress know? Does the White House know?

The chief "pro bono publico" advocate of "Trade, not Aid," regardless of how it affects American industry and labor, is the famous Committee for a National Trade Policy, Inc., with offices at 1025 Connecticut Avenue, in Washington, D. C. It has a distinguished and respected list of officers and members.

Everyone knows that the secretary of any organization is its keynote. The secretary makes up the agenda and is the focal point. The secretary of the Committee for a National Trade Policy, Inc., is the distinguished one-time statesman, William L. Batt, of Philadelphia, former head of the Swedish-owned American subsidiary, SKF Industries. The Chairman is the highly respected John S. Coleman, of Detroit. Charles H. Percy, the successful young president of the Bell & Howell Co., of Chicago, is a vice chairman. Charles P. Taft, of Cincinnati, Ohio, who bears a name great in American history, is the President. And others on this committee have equal distinction and respect.

The fact that they may differ from others of our people, in their opinion of what is best for our Nation, is in the best tradition of America. We've always had two sides. That's what makes us great.

By the same token, they undertake to advise the advisor, Mr. Clarence Randall. Through him, they undertake to advise the President of the United States. They appear here before this committee and advise the Congress.

Therefore, let's take a look at the Committee for a National Trade Policy, Inc. It frankly is a propaganda committee proposing "trade, not aid." There is nothing wrong with that.

Until recently, the Secretary of the Committee for a National Trade Policy, Inc., the man who wrote the minutes and drew the agenda, was a distinguished Washington lawyer named George W. Ball, member of the law firm of Cleary, Gottlieb, Friendly, and Ball. They have an office in New York, known as Cleary, Gottlieb, Friendly, and Hamilton, 52 Wall Street, and a big office in Paris. On their Paris office staff is one nonlegal propaganda expert, Mr. Stephen Laird, one-time reporter on economics for Time magazine. He writes "Economic studies" for this law firm. His wife is an Englishwoman, a one-time reporter for the London

Daily Worker who cannot come to America, because our Immigration Service has refused a visa. It it all in the State Department records.

On September 16, 1953, the law firm of Cleary, Gottlieb, Friendly, and Hamilton filed a certificate of incorporation for a "membership" corporation under New York State laws. These laws consider such corporations as "nonprofit" corporations, with pro bono publico purposes.

It was certified as No. 6961 in the files of the New York secretary of state.

A photostat of the papers of incorporation is attached.

Let me quote here a few pertinent portions:

"2. The purposes for which the corporation is to be formed are:

"(*a*) To promote and advance the education of the general public concerning the facts and problems of United States trade policies and to stimulate public interest in the problems of trade policy;

"(*b*) To further such education by conducting and promoting research and study activities designed to develop and assemble facts, data, and statistics relevant to United States trade policies; by disseminating the results of such research and studies to the general public through publications and publicity of various kinds; by carrying out a program of education designed to explain the relation of commercial policy to the general prosperity of the United States as well as to the prosperity of specific sectors of the United States economy;

"(*c*) To further the work of the Commission on Foreign Economic Policy (created pursuant to Public Law 215, 83d Cong., 1st sess.) by encouraging wide public understanding of the importance of sound trade policy through the various educational and research activities set forth above; by presenting testimony and data to the Commission based on the facts, data, and statistics acquired through such activities in order to assist the Commission in the determination of policies most appropriate to the national interest; by stimulating and assisting representatives of business, agriculture, labor, and consumers to present testimony and data to the Commission; and by assisting in the coordination of the work of other organizations concerned with the development of economic policy and cooperating with such organizations in their educational activities and in their submission of testimony and data to the Commission."

(NOTE.—The Commission on Foreign Economic Policy is known as the Randall Commission, headed by Mr. Clarence Randall.)

Again quoting the articles of incorporation of the Committee for a National Trade Policy, Inc.:

"3. The corporation is not organized for pecuniary profit, and shall not engage in any activities for pecuniary profit, and no officer, director, member or employee of the Corporation shall receive any pecuniary profit from the operations thereof, except reasonable compensation for services in effecting or carrying out one or more of its activities. No part of any net earnings of the corporation shall inure to the benefit of any member or individual, and no substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation."

It would appear, from recent developments, that this might be considered a slight understatement of fact.

Again, from the articles of incorporation:

"7. The names and residences of the directors of the corporation until its first annual meeting are:

Harry A. Bullis, 2116 West Lake of the Isles Boulevard, Minneapolis 5, Minn.
John S. Coleman, 700 Seward, Detroit 2, Mich.
Charles H. Percy, 40 Devonshire Lane, Kenilworth, Ill.
Morris S. Rosenthal, 1185 Park Avenue, New York, N. Y.
Joseph P. Spang, 203 Adams Street, Milton, Mass.
Charles P. Taft, 16 Garden Place, Cincinnati 8, Ohio
George W. Ball, 3100 35th Street NW., Washington, D. C."

Now, who is Mr. George W. Ball, the founding lawyer, the founding secretary, and a notable figure in international economics in this pro bono publico organization?

For one thing, he is interested in politics. He headed the Volunteers for Adlai Stevenson in the 1952 election, a very high post.

Let me next refer you to the report of the Attorney General to the Congress of the United States on the administration of the Foreign Agents Registration Act of 1938, as amended, for the calendar year, 1953. This was submitted to the Congress by Mr. Herbert Brownell, the Attorney General of the United States,

in May of 1954. Another report to the Congress is due this year, shortly, bringing the records up to date, as required by law.

It is a most interesting document, part of the public record which presumably nobody reads. Or perhaps they do. I did. In it, one will find many names which have become famous in the service of the United States, now on the payroll of some foreign nation.

Which brings me back to Mr. George W. Ball, former secretary of the committee for a National Trade Policy, Inc., our national consultants on "trade, not aid". Mr. Ball is also listed.

Mr. Ball and his law firm are registered as Foreign Agent No. 508. They represent the Government of the French Republic (it lists $35,859.51 as received by the firm); also they represent the Conseil National de Patronat Francais, for which they reported getting $34,851.48. They also are registered for the Comite Franc-Dollar, of Paris, but do this free, according to the report. And, across the oceans, they also have registered as foreign agents for the Chambers of Commerce of Venezuela. For this they received the sum of $91,939.77.

In other words, Mr. George W. Ball, secretary of the great American pro bono publico Committee for a National Trade Policy, Inc., and his law firm received a total of $162,650.76, from foreign governments, during the calendar year of 1953, according to the report.

This is the same year, 1953, when, on September 16, 1953, the Committee for a National Trade Policy, Inc., was incorporated under the laws of New York State, as a nonprofit organization. The founding secretary was Mr. George W. Ball. Its purpose—to educate the American people to support "trade not aid," invented by Great Britain's Chancellor of the Exchequer.

This law firm and Mr. George W. Ball, founding secretary of the Committee for a National Trade Policy, Inc., have to make a registrant's statement under the Foreign Agents Act of 1938, as amended. Here is what they wrote in the records of the Foreign Agents Registration Section of the Criminal Division of the Department of Justice, where the act is administered. This section relies primarily on the investigative reports of the Federal Bureau of Investigation for information regarding the activities of persons who may fall within the purview of the act, says Attorney General Brownell.

It is interesting to know what Mr. George W. Ball, founding secretary of the Committee for a National Trade Policy, Inc., who tells the American public and the Congress what to do, wrote on his registration blank as a foreign agent:

"During the period from August 1944 to September 1945 I traveled repeatedly between the United States and Europe in my capacity as a Director of the United States Strategic Bombing Survey, an agency of the United States War Department. Since my resignation as an employee of the United States Government in September 1945 I have made the following visits to foreign countries: Bermuda, pleasure, June 1, 1946–July 14, 1947; United Kingdom and France, pleasure, August 2–September 2, 1947; United Kingdom and France, consultation with representatives of the French Government regarding European recovery plans, September 5–October 4, 1947."

In reply to a question as to his duties, he wrote:

"In this capacity (as a partner of the registrant), I directly supervise the work performed by the registrant for the French Supply Council and consult with officials of the French Government respecting its relations with the Export-Import Bank and other departments and agencies of the United States Government, in connection with financial and supply matters."

In the portion of the registration pertaining to duties for each foreign client, Mr. Ball and his law firm state, with reference to the Government of the French Republic:

"Registrant acts as general counsel for the French Supply Office, 1001 Connecticut Avenue NW., Washington, D. C., an agency of the Government of the French Republic. In this capacity, partners and associates of the registrant furnish general legal advice to the French Supply Office in connection with its operation and with procurement and relative activities of the French purchasing missions in the United States, participate in the negotiation of contracts for the purchase of supplies, services and equipment through ordinary business channels from United States suppliers, assist in drafting and advice with respect to legal aspects of procurement contracts, participate in negotiations arising out of such controversies. In addition, partners of the registrant from time to time, as requested, advise the French Government in its relations with the Export-Import Bank and other departments and agencies of the United States Government in connection with financial and supply matters.

"Registrant acts as counsel to the French financial counselor, the French commercial counselor and the French financial controller, who are representatives of the Government of the French Republic. In this capacity, partners and associates of the registrant give information and related advice to these officers with respect to American legislative proposals, and administrative regulations which affect French trade and French financial and commercial interests. Registrant also advises these officers with respect to procurement contracts."

This registration of Mr. George W. Ball and his associates, as foreign agents No. 508, registered in the Criminal Division of the Department of Justice, as required by law, says that they also gave some advice to the French air, naval, and military attachés who are officers of the Government of the French Republic. They do the same things for the Conseil National du Patronat Francais, including the note to this effect:

"Communicates individually with other interested parties in the United States."

And, finally, they registered, regarding the Comite Franc-Dollar:

"Registrant gives information and related advice to the Comite Franc-Dollar, with respect to legislative and administrative proposals and actions which affect trade between France and the United States, particularly French exports to this country."

So much for foreign agent No. 508 and associates, founding secretary of the Committee for a National Trade Policy, Inc., which devotes itself as a nonprofit organization in the public good of the people of the United States—pro bono publico—to make them realize that it is trade not aid, that we should be giving; that has been able to persuade some of America's leading citizens and leading Government officials that this indeed is the best thing for the United States. Who actually decides what is good for the United States? The founding secretary of the Committee for a National Trade Policy, Inc., registered as foreign agent 508?

Nothing wrong with that—but the American people ought to know all about the sources of propaganda in this country. They can't all come to Washington to look it up.

Look further at Attorney General Brownell's report to the Congress on foreign agents, submitted in May 1954.

Foreign agent No. 628 is listed as William Howard Chase and his firm, Selvage, Lee & Chase, representing the Government of Bolivia and the Pan-American Coffee Bureau. They list about $60,000 amounts received. Everything is listed in this report. This is the same Howard Chase who worked for Paul Hoffman in the Marshall plan program and the same Selvage who apparently tried his best to beat Senator Case in the political fight in New Jersey. Maybe people ought to know these things. They are of keen public interest.

Mr. Chase is now vice president of McCann-Erichson, Inc., of New York. He speaks before the United States Chamber of Commerce in Washington on May 3. With him appears his former boss, Harry A. Bullis, chairman of General Mills, who is a vice chairman of the Committee for a National Trade Policy, Inc.

This foreign agents report by Attorney General Brownell deserves more publicity. For instance, the name of the famous Gen. Julius Klein, of Chicago, Ill., appears. A report in the New York Times of January 10, 1955, in which Gen. Julius Klein criticized Secretary of State Dulles, had these headlines: "United States Envoys Held Losing Prestige; Report to Senate Criticizes Frequent Trips to Europe by Secretaries of State."

This story was based on a confidential report by Brig. Gen. Julius Klein, special consultant to the Subcommittee on Armed Services, of the Committee of Appropriations of the United States Senate, covering September–October 1954, when he want to Europe to study the situation. It was released to the Press on Monday, January 10, 1955.

On page 23 of this 1953 foreign agents report, Julius Klein is registered as foreign agent No. 788. He works for a foreign nation, the Republic of Panama. It says nothing about that in the news release or in the Senate committee report. It would be interesting for the American people to know that this former American brigadier general who assails our Secretary of State and has been special consultant to an important Senate committee, was, at the same time, a special consultant to a foreign nation. There's nothing wrong in it—but it is interesting to know, if we seek all the facts.

Another famous name, that of former Assistant Secretary of State Edward W. Barrett, is registered as foreign agent No. 786. He is adviser to the Suez Canal and to the Japanese Government. Nothing wrong with this—but again

it is interesting to know what happens to former Assistant Secretaries of State, and how they get these jobs as soon as they leave their United States Government jobs.

The name of another noted diplomat, Charles Spofford, a former Ambassador, bears foreign agent No. 785. He also works for the Suez Canal.

There are many more on file in the Department of Justice. It makes important reading.

We have read recently where the Foreign Operations Administration are encouraging Spain to spend a quarter of a million dollars extra, of American taxpayers' money, for FOA diesel locomotives, passing up an American firm which is the lowest bidder.

Let's see who are Spain's foreign-paid agents, registered with the FBI.

Foreign agent 420 is listed as the law firm of Cummings, Stanley, Truitt & Cross, of 1625 K Street NW., here in Washington—all notable names. For this work and for being the Dominican Republic's foreign agent, they received $20,000 in 1953.

Another foreign agent for Spain is Mr. Charles Patrick Clark, of Washington, D. C. He received $76,400 from February 1953 to February 1954. But he didn't advise Spain to stick to the traditional American principle of taking the lowest bidder. So, we will pay almost $250,000 more of our money to buy Spain locomotives—because FOA and Mr. Clark won't help Spain by telling them the facts of American public opinion. I can quote from as widely divergent journalists as Drew Pearson and John O'Donnell. They disagree in everything but this.

What is a foreign agent? The Foreign Agents Registration Act of 1938, as amended, defines the term, in part, as follows:

"Any person who acts or agrees to act, with the United States, as, or who is or holds himself out to be, whether or not pursuant to contractual relationship, a public-relations counsel, publicity agent, information-service employee, servant, agent, representative, or attorney for a foreign principal;

"Any person who within the United States collects information for or reports information to a foreign principal; who within the United States solicits or accepts compensation, contributions, or loans, directly or indirectly, from a foreign principal; who within the United States solicits, disburses, dispenses, or collects compensation, contributions, loans, money, or anything of value, directly or indirectly, for a foreign principal; who within the United States acts at the order, request, or under the direction, of a foreign principal."

The exact definition of the word, propaganda, is also explained in this booklet issued by the Department of Justice, printed in the United States Government Printing Office, and entitled "The Foreign Agents Registration Act of 1938, As Amended, and the Rules and Regulations Prescribed by the Attorney General."

On page 12, under the chapter heading, "Definition of Terms," section 1, paragraph (j), it states:

"The term 'political propaganda,' includes any oral, visual, graphic, written, pictorial, or other communications or expressions by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence. As used in this section 1 (j), the term 'disseminating' includes transmitting or causing to be transmitted in the United States mails or by any means or instrumentality of interstate or foreign commerce or offering or causing to be offered in the United States mails."

Rule 400, on page 32 of this official document, is headed "Statement Concerning Distribution and Labeling of Political Propaganda."

This rule is very specific as to requirements regarding filing of any material which might be considered political propaganda under the Foreign Agents Act of 1938.

Rule 401 (*a*) is on page 33. It states:

"(a) An agent of a foreign principal who is required to register under the provisions of the act shall be deemed to cause political propaganda to be transmitted in the United States mails or by a means or instrumentality of interstate or foreign commerce, within the meaning of section 4 of the act, if such propaganda is disseminated or caused to be disseminated by the agent, knowing, intending, or having reason to believe that it will be, and thereafter it actually is, so transmitted in whole or in part either in the same or in a different form by any person.

"(b) Notwithstanding paragraph (a), where the person by whom the political propaganda is so transmitted is not directly or indirectly affiliated or associated with, or supervised, directed, controlled, financed, or subsidized in whole or in part by, the agent or any foreign principal of the agent, and the transmission of the propaganda is not subject to the direct or indirect supervision, direction or control of, and no compensation or remuneration therefor is paid directly or indirectly by, the agent or any foreign principal of the agent, the agent shall be deemed to have complied with section 4 if (1) the political propaganda is duly labeled to comply with section 4 of the act at the time it is disseminated or caused to be disseminated by the agent; and (2) copies of the political propaganda are duly filed by the agent in accordance with section 4 of the act and rule 400 thereunder (added, Order No. 3695, Supplement No. 4, May 9, 1944)."

On page 35, rule 501 states: "Officials of the Foreign Agents Registration Section and of the Federal Bureau of Investigation are authorized to inspect books and records pursuant to section 5 of the act (added, Order No. 3695, Supplement No. 6, Sept. 28, 1944)."

Rule 400 also requires all foreign agents to do the following:

"Rule 400. Statement concerning distribution and labeling of political propaganda.

"(*a*) Every person who, pursuant to section 4, is required to file a copy of any political propaganda with the Attorney General shall transmit or deliver such copy to the Foreign Agents Registration Section, and shall attach to each such copy a statement, in duplicate, setting forth the following:

"(1) A concise account of the nature of the matter filed.

"(2) The medium by which such matter has been transmitted, all addresses from which, and the date or dates on which, transmitted.

"(3) The approximate number of copies transmitted, and the States, Territories, and other places subject to the jurisdiction of the United States and any other American Republics, to which transmitted.

"(4) The approximate number of persons designated by the foreign agent to receive less than 100 and more than 10 copies, and the number of persons designated to receive more than 100 copies.

"(5) The approximate number of libraries, educational institutions, press services or associations, newspapers, or other publications, and public officials, designated to receive copies.

"(6) The nationality groups to which such matter is transmitted.

"(7) The names and addresses of all publications printed in any language other than English which are designated to receive copies.

"(8) If such matter is in the form of radio script, any part of which has been written or edited by, or at the direction of, the foreign agent, set forth the radio station from which the broadcast is made and the name of the broadcasting chain used, if any, and the date or dates when broadcast.

"(9) Such additional information with respect to the places, times, and extent of such transmittal, as the Chief of the Special War Policies Unit, having due regard for the national security and public interest, may require in any particular case."

We find that the Department of Justice has little or no filed material from Mr. George W. Ball, of the Committee for a National Trade Policy, Inc.

Rule 400 also states:

"(*d*) In any case where an item of propaganda has been filed with the Foreign Agents Registration Section, together with the statement referred to in paragraph (*a*) of this rule, it shall not be necessary, upon subsequent circulation or dissemination to the public of the same item, to forward additional copies to the Foreign Agents Registration Section or the Librarian of Congress. In such case, it shall be sufficient if there is furnished to the Foreign Agents Registration Section, in the detail set out in paragraph (*a*) of this rule, a statement concerning the additional circulation or dissemination of any such items. Such statement may be rendered monthly and may cover one or more of such items

as have been circulated or disseminated subsequent to the filing of the statements required in paragraph (*a*). If such statement is rendered monthly, it shall be transmitted to the Foreign Agents Registration Section within 10 days after the close of the calendar month for which such statement is made."

It may be there, but we could find nothing from Mr. Ball at the Library of Congress.

Mr. Ball, however, is no longer secretary of the Committee for a National Trade Policy, Inc.

Nevertheless, on September 16, 1953, his law firm and he incorporated this committee and definitely stated in the articles of incorporation, paragraph 3, that "no substantial part of the activities of the corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation."

Paragraph 3 also states: "* * * no officer, director, member, or employee of the corporation shall receive any pecuniary profit from the operations thereof * * *."

Yet here is an exact excerpt from page 84, Report of the Attorney General to the Congress of the United States on the Administration of the Foreign Agents Registration Act of 1938, as amended, for the Calendar Year 1953, covering foreign agent 508, Mr. George W. Ball and his law firm:

"Cleary, Gottlieb, Friendly & Hamilton, New York—Cleary, Gottlieb, Friendly & Ball, Washington, D. C.:

"Government of French Republic	35,859.51
"Counseil National de Patronat Francais, Paris	34,851.48
"Comite Franc-Dollar, Paris	None
"Chambers of Comerce, Venezuela (representation terminated August 1, 1953)	91,939.77"

Mr. Charles P. Taft, of Cincinnati, Ohio, who bears a distinguished American name, son of a President of the United States, brother of the late great Robert A. Taft, is still president of the Committee on a National Trade Policy, Inc. He was a founding member on September 16, 1953, and signed his name as such to the articles of incorporation.

Mr. Taft has been indignant with American firms which prefer this slogan: "Let's keep working, so that we can keep giving." He preaches trade, not aid, invented by Mr. R. A. B. Butler, of England.

But on page 37 of Attorney General Brownell's Report on Foreign Agents for 1953, there appears this name:

Charles Phelps Taft, foreign agent 508. (This is the same registration number as Mr. Ball and his law firm.) The president of the Committee for a National Trade Policy, Inc., was registered as a foreign agent when he and Foreign Agent George W. Ball founded this committee.

Let's look at a summary of the file on deposit with the Department of Justice for the law firm of Cleary, Gottlieb, Friendly & Hamilton of 52 Wall Street, New York (in Washington known as Cleary, Gottlieb, Friendly & Ball). Last registration filed January 19, 1955. This shows as the only foreign clients: The French Government, Conseil National du Patronat Francais, Comte Franc-Dollar.

The registration also indicates that they do, or have represented, the Cuban Sugar Cane Growers Association and the Cuban Sugar Mills Owners Association.

As far back as January 19, 1954, their registration said that they did not then represent the chambers of commerce of Venezuela. Their description of their activities was described as follows: "Legal and related services for the Chambers of Commerce of Venezuela concerning legislative or administrative proposals designed to increase tariffs or impose quotas on petroleum or petroleum products."

On October 19, 1953, they reported the expenditures of fees and disbursements of $91,939.77 on behalf of the Venezuelan account. They reported the payment of $3,229.74 to the firm of Headley, Sibbald & Taft.

On December 26, 1953, the law firm reported that it had performed some work advisory to a Venezuelan trade mission to the United States International Trade Fair in Chicago, at a rate of $300 per diem, plus disbursements.

Mr. Charles Phelps Taft registered last on May 14, 1953. He reported that he had made no speeches on behalf of the registrant, presumably the principal law firm, but described his activities as "opposition to proposals and pending legislation relating to the imposition of quotas or increased duties upon imports of petroleum products."

This is the same Mr. Taft who told this Senate committee on March 18, 1955: "Let me bring a little sanity into this record."

This is the same Mr. Taft who was registered as foreign agent 508, who told this Senate committee:

"I cannot refrain from expressing here my sense of outrage at those who have played upon this kind of natural fear and have induced innocent workmen willingly or unwillingly to flood this Congress with postcards, which carry statements that the prime circulators must know to be lies; and who have procured the publication of advertisements, signed by local labor unions, but beyond doubt instigated by the companies concerned, which can only be described as outright misrepresentations.

"Injury, when it rarely does occur as a result of import competition, is no different in kind from injury as a result of domestic competition, which happens every day. Producers complain in domestic competition about low wages in the South, or about distress sales, for instance, when their inability to compete is due to really inadequate management and inadequate progress in technology. Or it may be a complaint simply of less profitable prosperity when internal competition has cut their profit margins.

"This kind of injury is no basis for the establishment of national policy on trade restrictions because such competition, with all its injury to those at the end of the procession, makes a stronger industrial and business base in a free enterprise system, and a stronger defense mobilization base for a cold-war period."

Thus, in 1953, the president, Mr. Charles Phelps Taft, and the secretary, Mr. George W. Ball, of the famous pro bono publico Committee for a National Trade Policy, Inc., founders and occupying the two strategic positions of control, were both registered as foreign agents--paid by foreign nations—to guide and help and create a favorable atmosphere in the United States of America.

During the proceedings here on March 18, 1955, this excerpt appears in page 3221 of the transcript:

"Senator KERR. You told me whom you were representing a while ago. Do you represent the Venezuelan Chamber of Commerce?

"Mr. TAFT. No, sir.

"Senator KERR. Have you ever?

"Mr. TAFT. Yes, sir."

Mr. Taft did not mention himself as foreign agent 508, nor did he mention Mr. George W. Ball, also foreign agent 508.

On page 3179 of the transcript of the proceedings of this committee, on March 18, 1955, Mr. Taft said:

"First, they apparently do not look up, and they certainly do not tell this committee, all of the facts about the relationship of exports and imports to their economic position."

The natural question is: Did Mr. Taft tell this committee, and Mr. Clarence Randall, and the distinguished industrialists of the Committee for a National Trade Policy, Inc., all the facts, too? Did Mr. George W. Ball?

These are very serious times. Regardless of all these theories and all these foreign agents, and of all the goodwill involved in helping our allies, the fact remains that we dare not "kill the goose that lays the golden egg." We must keep working—if we are to keep giving: That should be the American slogan! The loss of China, too, was probably the greatest defeat any nation in history has ever suffered. We allowed the great Chinese nation, one of our greatest friends in the world, suddenly to turn against us, with crimson Communist snarls of hatred.

No one lost China to us, on purpose. Nevertheless we have lost her. The Yalta papers, published so recently, clearly show that a simple theory or a partially informed Government official might, with the best of intentions, follow a course that, when it reaches fruition, proves a disaster to our entire Nation, and to our future.

The first step affects all that follows. That first step is consideration of the whole, rather than any part. This is a vital necessity to everyone of us—and to our children.

Let me restate what Mr. Bernard Baruch said: "Many acts of Government intervention in the field of economics fail for just this reason: because they are taken as isolated piecemeal moves instead of being fitted into the whole economy.

Here are some pertinent questions for this committee to answer to the American people—not through registered foreign agents—but through this committee's considered judgment of the facts, stripped of all efforts of paid foreign propagandists:

1. There is a very serious national problem. It would appear, therefore, that all Americans should share in this problem and in any burden which it entails, not any selected segments of industry or labor. Because, who will do the selecting? Is it constitutional, under our form of Government, for anyone, other than you lawmakers, yourselves, to change so fundamental a right of American citizens?

2. To become selective when causing "acute pain" to some locality or industry, without a law or constitutional principle on which to base such selectivity, is more fundamental a question than any other issue before us.

3. The entire purpose of the reciprocal trade agreement is to safeguard our freedoms. In so doing, we must not lose them.

The Supreme Court stated in 1935, in its famous NRA decision that the Congress cannot delegate its legislative powers to the administrative branch. Therefore, the question as to the basis for selectivity of certain segments of our industry and labor which may be "hurt" becomes a constitutional question for the deepest consideration. The United States of America was founded on the basic principle that no segment of its population might be singled out from the others for any selective treatment, regardless of race, color, creed, location, type of work, or anything else. Therefore, selectivity of who is to be hurt goes to the very basis of our constitutional freedoms.

4. If the United States is to continue to do its rightful part in assisting our allies economically, it will avail little to do so in such a manner as to create havoc at home. The source itself does not dry up. All will suffer. Yes, we repeat: "We must keep working—in order to keep giving."

There has been much talk of the Buy American Act; that it was a result of the depression, passed in 1933.

But it is not right or proper to give only part of the facts. The reciprocal trade agreements originally themselves were also a result of a world condition in 1934, the rise of Hitler.

We dare not forget that the Buy American Act was pasesd in 1933 and the reciprocal trade agreements in 1934. They are irrevocably linked. In fairness to all concerned, we Americans, as well as our foreign allies, there can be no fair consideration of one without the other.

It is axiomatic for a family, a business, or a government, that "charity begins at home."

It is fitting for a man or nation to "set his house in order" first—thus, to be qualified to help his deserving neighbors.

That was the spirit behind the reciprocal trade agreements. It has not changed. It is indeed, as President Eisenhower calls it, in "our own enlightened self-interest," to do all we can for our allies.

But, let us go back into the history of these two acts, irrevocably linked.

Had there been no Buy American Act passed in 1933, depression or not, it is very unlikely that the reciprocal trade agreements would have been passed in 1934. The enactment in 1933 of the Buy American Act enabled the Congress and the people of the United States to feel that, having given ample and proper protection to our own home, having set our own house in order, we were then in a position to look abroad, to do the charitable acts for which this country has gained a unique position in all history.

But what has happened since?

On one hand, before your committee, there is discussion as to the extent to which one may lower tariffs, broadening the extent of trade within the United States for our allies. We grant that they need it, we pray and hope that they attain it.

At no time have we heard much of the protection for our own people at the same time, by balancing any such actions with careful scrutiny as to the timeliness of the Buy American Act in this particular period of our economic life.

To do one without the other is to approach the problem without full and realistic judgment.

For example, on December 17, 1954, the White House issued an Executive order whereby the traditional 25 percent price differential which protected American industries under the Buy American Act was drastically set aside in favor of new percentages from 6 to 10 percent.

This was the result of considerable pressure placed upon the administration by this same Committee for a National Trade Policy, Inc., headed by Foreign Agent 508, Mr. Taft, and founded by Foreign Agent Ball.

Under the American system, it is well to bring everything into the open.

When a British company, the English Electric Co., Ltd., protested bitterly that it could not compete with the American hydraulic turbine business for the business of our own United States Government, it was the Committee for a National Trade Policy, Inc., which loudly proclaimed the rectitude of the case of our foreign friends.

It was this same Committee for a National Trade Policy, Inc., which loudly hailed the issuance of the Executive order of December 17, 1954—the death-knell of the entire American hydraulic turbine industry, a defense industry.

The English Electric Co., Ltd., of England, has the rest of the world entirely to themselves. The entire American hydraulic turbine industry has no export business at all. It has only one market—the United States of America. Now, it cannot compete here. Yet 75 percent of its work has come from the United States Government.

No one, certainly not the Committee for a National Trade Policy, Inc., has said anything about the fact that the English Electric Co., Ltd., does a vast business each year with Russia and other Soviet satellite countries, and even owns two companies in Poland.

No one has explained that the English Electric Co., Ltd., already enjoys a vast income from the United States Government through leasing its patents for the Canberra jet bomber to the Glenn L. Martin Co., now manufactured as an American jet bomber. For every bomber made by the Glenn L. Martin Co. the English Electric Co., Ltd., gets a certain portion of that American money. Is this pertinent or not?

The fundamental reason why the Buy American Act and the reciprocal trade agreement decision should be irrevocably linked lies in these.

America has been blessed by God. But it is not possible to be all things to all men. If we sought to do that we would be adopting the Communist philosophy.

America cannot be the breadbasket for everyone unless it has bread. Theorists proclaim that, given 100 years, all labor rates under a completely free world trade situation will level off.

But will ours go down or will the others go up? This committee might well call our labor leaders and ask them publicly, before their membership, to answer this question. The labor leaders of the Inland Steel Co., headed by Mr. Clarence Randall, might be called here and asked what they think about this.

Certain witnesses disregard wage differentials, but the fact remains that they exist. Have you seen the true differential in labor rates between the various competing countries? Take the United States as 100 percent. Look at this true scale of wage rates:

United States	100.0
Belgium	33.0
Sweden	33.0
France	30.9
United Kingdom	28.0
Switzerland	23.8
Germany	22.0
Netherlands	20.7
Italy	19.6
Japan	9.9

It is that simple. To compete we either must lower our labor rates or raise theirs. Obviously no American wants to lower ours.

At least, let's have uniformity here of equating the difference in labor rates: Let's have uniformity in standards of living—or some uniform method of balancing our higher standards and our rigid laws of labor decency against lower wage rates and child labor and other things which should enter into consideration before purchase by the United States Government. If not, why do we have such laws?

Under the terms and conditions of their new contract for the Table Rock Dam, and of our regulations, the English company will not be subject to the following laws of the United States:

(1) Renegotiation Act of 1951, as extended;
(2) Walsh-Healy Public Contracts Act;
(3) Eight-hour law;
(5) Buy American Act;
(5) Child labor law;

(6) Fair Labor Standard Act; and
(7) Other applicable laws.

But, American builders must pay the higher labor cost resulting from these laws, as well as social-security taxes, holiday pay, pensions, insurance, etc., customary in the United States. We don't object. That is the American way of life.

However—are decency and fine laws a credit to us—or a handicap? If you sell to the United States Government, should not all play by the same rules? Or is the American the only one who must abide by the rules, right here at home? It doesn't make sense.

The Executive order of December 17 takes a very sound move toward economic realism, uniformity, which is the first step toward computing the truth—the true ultimate cost to the United States Government.

Therefore, is it not right for the executive branch or for the Congress to make sure that such evaluation of true ultimate costs gives consideration to these points which today hold on the United States side alone:

(1) United States Federal, State, and local taxes.
(2) United States Federal income taxes, for companies, officers, labor, clerical help, and all other employed.
(3) All taxes paid by suppliers and their employees.
(4) All taxes paid by shareholders.
(5) Costs of inspection at site of work.
(6) Costs of tests at site of work.
(7) Cost of potential of unemployment insurance payments by State or Nation, if nonaward to a United States company results in a rise in unemployment in the industry concerned.

If these factors of public law and interest are not given consideration, what principle motivates computation of ultimate cost only for foreign companies and not for American companies? This is a question which every American citizen has a right to ask—and to expect a full answer.

On December 18, 1954, in the New York Herald Tribune, Edwin L. Dale, Jr., wrote this from Washington, in reporting the cut in price-differential from 25 percent to 6 percent, right on the heels of this previous victory by this British company. Mr. Dale reported:

"Instead of adding a straight 6 percent to the total foreign bid, the procuring agency is also permitted to add 10 percent of the bid before inclusion of duty and costs within the United States. The effect of this will be to give a break to foreign suppliers of items on which there is an especially high duty—duty which comes back to the American Treasury anyway.

"FOREIGN SUPPLIER BREAK

"Overall, the new order will definitely give a better chance than they have ever had to foreign suppliers of such things as generators and transformers for power installations. This in turn will mean the outflow of more dollars into foreign hands and generally lubricate world trade, according to advocates of today's liberalization of buy American.

"The President's move was promptly hailed as a 'great step forward in stimulating trade between the United States and the free world' by John S. Coleman, chairman of the committee for a national trade policy. Mr. Coleman's group has been active in pushing for enactment of the President's other trade-tariff proposals."

Here again is the committee headed by Mr. Taft, foreign agent 508.

Let us be consistent. Americans, too, pay money which goes back into the United States Treasury. If the customs duties paid by foreign competitors are considered a factor, then a principle has been established. We accept it.

Americans too are entitled to consideration for every dollar in bids put there by Uncle Sam. Millions of dollars in our bids go back into the United States Treasury; not only from our companies and workers, but from down the line to sources of supply—as well as railroads, our truckers, and their workers and their suppliers. Let us be economic realists:

If it is right for our foreign competitors to have consideration for the money which goes back into the United States Treasury, we say well and good.

But at least give us equality in our own market—not superiority, just plain equality at home.

The fundamental purpose of this executive order of December 17 was commendable. It sought uniformity in price differentials when Government departments buy goods under the Buy-American Act.

Then let us have true and full uniformity, not just where it is convenient for our foreign competitors in selling our own Government.

England has always been a nation of economic realists. They recognized Red China without delay. It was good business for them. But you won't find one law on the English statute books that favors anyone but any Englishman or an English industry. We can't blame them. They know on which side their crumpets are buttered. We needn't weep great tears for them. Their business is bigger today than it was before the war; bigger than ever before in British history: We won't discuss their sales to Russia and Poland in the electric line in detail, but they are worth checking.

If the United States Government and the Congress set out to seek true uniformity—some true means of balancing our higher standards of living against lower standards abroad—then we would need no tariff laws and no reciprocal trade agreements.

Regardless of tariff agreements or reciprocal trade acts, there can be only one answer to any realist. When you dilute a pure solution of any liquid with weaker solutions, you don't improve the weaker solutions. You only diulte and destroy the purity of the strong solution.

The present methods can have only one result—to lower the American standards of living and of labor. A common denominator doesn't only raise the lowest—it lowers the highest. That is happening to us.

Is it wrong to ask consideration of true uniformity? Even racehorses have handicappers. If a horse is too good, like Native Dancer or the United States of America, he has to carry more weight. But it's all open and above board. There are rules of the game, known to all, not only for "selected segments." If America has done too well, why not come out and tell the people the truth? Should we carry more weight—like Native Dancer—a handicap, to let the others catch up with us? Is this the purpose? If so, let's come out and tell the full truth. We are entitled to full truth, not to propaganda and theories from unelected consultants and propaganda committees of strange origin.

Using my example, the hydraulic turbine industry of the United States, they consider themselves a defense industry. What is a defense industry? Is it the watch business of the United States—with rising tariffs to protect it and rising executive regulations from the Treasury Department, at the selfsame time that the same officials are asking the Congress and the people to accept a philosophy of lower tariffs being the way to restore world peace?

Perhaps we need forthright uniformity in labeling exactly which are defense industries—and which are not. As it now stands, when you manufacture a watch, you are a part of the defense program of this Nation—and therefore, all rules are off—duties shoot sky-high—and if you answer back, you are un-American.

Is the hydraulic turbine business a defense industry? I don't know. We always thought they were. The Defense Department and the Corps of Engineers of the United States Army tell us they are; advise them to be in constant readiness for any eventuality; hold long meetings, discussing what to do in case of enemy attack. Let's make it official—or officially tell them they are not a defense industry. At least one would then be able to tell his workers the truth and, together, figure out how they could fit into this new theory of dislocating certain segments of industry and of labor and of relocating them. At least, he owes his workers that.

During World War II, our own distinguished President, General Eisenhower, ordered the Royal Air Force and the United States Air Force to keep bombing those German dams. Why? Was he after their sewage system? No—he was out to destroy the enemy's hydraulic electric turbines. Because, with their destruction would come a cessation of the enemy's ability to produce. And with the cessation of his production would come victory. It turned out just that way—and we owe much to General Eisenhower for that wisdom and foresight.

I hope that no consultants or propaganda committees have been able to persuade our authorities that the Russian and Red Chinese air generals are any less capable of understanding the value of destroying our production capacity. I feel certain that Russia and her combine know exactly where each of our dams is located and how much production potential it serves.

What if they are knocked out? Are we to await replacements from England? Or Japan? How do we know they will be able to handle the replacement orders? What about parts? Won't the Russian submarines have something to say about these deliveries, too?

My objective is not to seek or fight against extension of the reciprocal trade agreement. I am not here to argue for, or against, tariffs, high or low. I am here to explain a situation of life and death for many industries and to ask that the Congress delve deep into causes—since first things come first.

Tariffs and reciprocal trade agreements are only the effects. Why do we need them? What is the basic disease of our world?

We have undergone two wars. The economic balance of the world has changed. The world used to represent a 100 percent market.

Then came tampering with freedom and with the natural laws of supply and demand by Russia and her satellites, and later Red China (through the greatest defeat in the history of the United States).

This loss of China has become a great mystery, about which no one seems to be willing to talk. Perhaps if we knew exactly who lost China for our team, we might know better how not to lose again in that vital area.

The antagonism of Russia, her satellites, and Red China changed our free world market seriously.

They cut that 100 percent world market down to about 70 percent, to use a round figure for our purposes. No one, either by wishful thinking or by legislation, can expand the present 70 percent world market into 100 percent again—until peace and economic stability return to the world once more. The free world market is just so much smaller. That is the real cause, to an economic realist.

Let us then consider an effect. China is Japan's natural market. Japan cannot now sell to China. We cannot permit it. If they do, we lose them for our side. Because "the customer is always right." We all understand that, in the face of current conditions.

But if Japan cannot sell to her natural market, China, does it mean that we, only 1 part of the remaining 70 percent of a former 100 percent world market, must become their basic new and unnatural market?

We are told, by brilliant economic theorists, some of whom never had to test theory against a profit-and-loss report, that this may hurt certain American industries but they can be readjusted into other products. Perhaps their workers may even be relocated.

I've heard of Hitler arbitrarily changing industries and relocating workers. I read in the newspapers every day that Russia and Red China make decisions arbitrarily that some may work and some may not. Siberia is made up of whole villages of relocated workers. Is this what is meant?

But this is the United States of America where even the NRA found it didn't pay to get funny with our free laws of supply and demand. It took just a couple of unknown poultry dealers named Schechter and the staid Supreme Court of the United States to correct that little theoretical foray.

This is an epidemic. It is not only the hydraulic turbine business. We have many others who are also worried—the liquor people, the bicycle people, the tuna people.

Mr. Taft cannot call everyone who disagrees with him pessimists and liars. Some of us honestly believe that "we must keep working in order to keep giving."

It is incredible to believe this, for instance. Our own Treasury Department has a regulation whereby it accepts any law or regulation passed by any foreign nation, to govern that foreign nation's sales of liquor in America; but American liquor producers cannot do what their foreign competitors can do right here at home in America. This is a whole subject in itself and is only one of many such examples where, right here in America, our own people can't even get equality—forgetting superiority.

I think that Americans at least are entitled to equality at home. Who can argue against this?

I make these requests of the committee, therefore, as a citizen, and as one representing American businesses which face either life or death by your decisions, regardless of what any foreign agents proclaim.

1. That a full and complete inquiry into any and all foreign agents, registered under the Foreign Agents Registration Act of 1938, as amended, be undertaken by this committee, as part of these proceedings, so that the American people may be certain that no public or private American or foreign forces, under the guise of "pro bono publico" activities, even with the finest of intentions, has had any effect or influence on any such legislation or regulations of the United States, with respect to the matters before this committee and this Congress.

2. That a full and complete inquiry be undertaken by the Congress and this committee, in accordance with the fine principles laid down in the Executive

order of December 17, 1954, requiring uniformity in price differentials under the Buy American Act, with a view toward announcing immediately similar official uniformity as to what is a defense industry and what is not a defense industry. Thus, if the watch industry and the machine-tool industry are defense industries and must be protected, let us have the basic principles behind these ruling, in clear-cut comparison with the hydraulic electric turbine business and why it is not a defense industry. That, at least, will give advance notice that one should prepare for demise at the hands of our foreign competitors—by order of the United States of America.

3. That this committee look deeply into the question as to whether the Buy American Act of 1933, and the Reciprocal Trade Act, as conceived in 1934, are not irrevocably and inevitably linked together under the axiom: "Let's keep working so that we can continue to keep giving."

4. That this committee call before it the Secretary of Defense, Mr. Wilson, and the Assistant Secretary of Defense for Supply and Logistics, Mr. Thomas P. Pike, asking them further to clarify the defense order of February 21, 1955, and further to clarify, in broader principles, the utterance of Mr. Pike regarding the machine-tool industry before the House Appropriations Subcommittee.

The Defense Department directive referred to provides that foreign bids may be rejected "If such rejection is necessary to protect essential national security interests, such as maintenance of a mobilization base."

Shortly after the issuance of this directive, the Honorable Thomas P. Pike, Assistant Secretary of Defense for Supply and Logistics, testified before a subcommittee of the House Appropriations Committee about the proposed Vance plan appropriation for the fiscal year 1956. Mr. Pike did not specifically mention the Buy American Act nor the directive, but his prepared statement contains the following paragraph:

"We have directed the Departments not to procure machine tools outside of the United States except when the required tools cannot be produced in the United States."

The new directive and Secretary Pike's statement make it plain that United States machines will be purchased in preference to foreign machines for Vance plan purposes despite price differentials in favor of the foreign machine. Moreover, the directive is not limited to the Vance plan type of procurement, which involves the purchase of long-lead-time machines principally for stockpiling purposes. It covers every procurement in which the rejection of the foreign bid is "necessary to protect essential national security interests, such as maintenance of a mobilization base."

5. That this committee use its good offices, as part of its consideration of the bill before it, to help American industry and American labor attain this clear-cut uniformity as to what is a defense industry and what is not—thus enabling American industry and American labor at least to permit them to plan for the future, if they are to be among those to be "relocated" or to be "eliminated," under the program advocated by foreign agents 508.

6. I recommend that a bill of amendment be introduced by a member of this committee and a Member of the House, to be known as the most-favored-nation law which will provide for American citizens and for American industries equality here in America, in our own home market, when in competition with foreign industries and foreign nationals.

I do not presume to ask nor do I recommend that we be given superiority. All I ask for is equality at home, but with equality interpreted fully, in all its true aspects.

I do not see how any American legislator or any American public official can be opposed to a most-favored-nation law which offers an American only equality in his own home. That isn't much to ask. In effect, it would mean that any advantage or any special consideration or any special methods of computation granted to any foreign industry or national would also immediately be equally available to an American. I do not refer to so-called offshore procurements. I refer only to onshore procurements—only to the American market itself and to purchases by the American Government, for use within our own shores, here at home.

7. I recommend that this committee call Mr. Bernard A. Rittersporn, Jr., of New York, executive director of the Committee on Foreign Trade Education, Inc., suite 801, 814-15, building A, 270 Park Avenue, New York 17, N. Y. My office is at this same address. Mine, however, is no nonprofit pro bono publico organization. Mine is a business and is not ashamed to say so.

This committee of the Congress might ask him what experience he has had in creating employment for people? Or in worrying about the weekly payroll when thousands of people depend on and trust one to be trustee for their livelihoods? Why not get this young man back here? Ask him how he knows so much about the economic facts of life? He told the House all about life.

On his board of advisers, among others, is a man named Morris S. Rosenthal. Mark well this name. Here is another board member of the Committee for a National Trade Policy, Inc., a man who earns a living by promoting foreign businesses in the United States.

Young Rittersporn is in private life a junior advertising and publicity executive. He strangely obtained subsidy for committees and pamphlets and offices: may be well qualified to speak for America's industry and workers about dislocation of business and that "no more than 600,000 Americans would be directly affected." But first let's ask him who puts up the money for his committee and his printing—and himself, for that matter. Who pays his way to Washington? There certainly can be no mystery. The Committee on Foreign Trade Education, inc., is a nonprofit corporation—a public company. I think it important for the Congress and the administration to know who is behind all these fine theories. What's wrong with asking?

8. That this committee look into the constitutionality of a global NRA program, by reviewing the Schechter case of the NRA, to see if one has a right to take from American citizens, whether management or labor, their right to determine for themselves their own futures under the American flag—without having anyone under these skies select them for elimination or for relocation, as if this were Siberia.

I do not feel that this is much for an American citizen to ask of the Congress. This certainly cannot harm our allies. They have done more for their own people. Someone ought to publish the British laws. The "Buy American" Act is childs play alongside the "buy British" rules.

9. I recommend that this committee "hear this, hear this", as the United States Navy would say, by calling Capt. W. B. Thorp, United States Navy, retired, Deputy for Defense Economic Affairs, Office of Foreign Military Affairs, Office of the Assistant Secretary of Defense (International Security Affairs), Washington, D. C.

Captain Thorp made a speech called national defense and foreign economic policy before the 41st National Foreign Trade Convention in New York City at the Waldorf, on November 17, 1954. This was released widespread in a blue cover by the National Foreign Trade Council, Inc., of 111 Broadway, New York.

Here is an excerpt from the speech by this retired United States naval officer:

"Now, just what does defense want from a foreign economic policy, and what does it expect to get? First, it wants production where it will be available in an emergency. This means that we must have, by all odds, a sound economy at home and a military production base capable of rapid expansion which will produce our requirements for the emergency. It is the defense view that nothing should be done which would weaken this base.

"From studies we have made, however, we have determined that there are very few raw materials (perhaps a half a dozen) and very few segments of industry (possibly 8 or 10) essential to defense which would be seriously injured by some liberalization of United States import policies."

What does Captain Thorp, United States Navy, retired, know about serious injury to only 8 or 10 segments of American industry? What kind of theories are these that become selective about which Americans will work and which will not? It doesn't sound like the America I learned about in school.

And why did an outfit called the National Foreign Trade Council, Inc., of New York, release to the press a speech by this Government official? Why didn't the Defense Department do so, on its own responsibility? Who are the National Foreign Trade Council, Inc.? Perhaps the Congress ought to ask.

10. Now, only one more. Listen to this; a direct quotation. Is it by some economic theorist? Or from some left-wing socialist? This man proposes:

"To make a gradual, a selective, and evolutionary approach to the reduction of the trade barriers imposed by the American tariffs.

"I say selective because it would be commodity by commodity, and I believe the President of the United States can be trusted not to exercise that power in any precipitant manner to cause sudden and violent injury to any American industry.

"It is a change of direction that is involved, an evolutionary, not a revolutionary, change."

Again, we have the word "selective," and a desire not to cause "sudden and violent injury to any American industry." I, too, believe that the President of the United States can be trusted not to exercise his power in any precipitant manner. He has more than proved that. Nevertheless, no President is omnipotent or eternal. President Eisenhower's greatness lies in his own understanding that no man is infallible; that only principles dare prevail. No president holds office forever.

But we aren't talking about the President. We are talking about a speech by Clarence B. Randall, chairman of the Inland Steel Co. of Chicago, consultant to the President. Mr. Randall wasn't elected to anything except the chairmanship of Inland Steel's board. Yet he made these remarks, as a spokesman of the United States Government, before the 59th Congress of American Industry, in New York on December 3, 1954. He wants to be selective about which American industries to hurt gradually.

And who are consultants to this consultant? That same Committee for a National Trade Policy, Inc., founded by foreign agents 508, president Charles Phelps Taft, and secretary George W. Ball.

Why not call Mr. Randall before this committee? Why not ask him, and Mr. Coleman, of Detroit, and Mr. Percy, of Chicago, and Mr. Batt, of Philadelphia, why they have never told the President or the Congress, or the American public that foreign agents, at high fees, were the founders of this movement?

Why not have an exposé of who has put up all the money for this pro bono publico effort?

In conclusion, I feel that a "most favored nation" amendment will do what the President wants—and still protect our people at home by law. That is the only real answer. Will someone introduce such an amendment?

It is no shame to be an American, not subsidized by people abroad and not guided by Mr. R. A. B. Butler and his slogan, "Trade, not aid." Maybe aid is better than trade, if it helps keep alive the goose that lays the golden eggs.

I shall conclude by reiterating the words of Abraham Lincoln at the battlefield of Gettysburg:

"The world will little note nor long remember what we say here, but it can never forget what they did here."

Thank you, Mr. Chairman and gentlemen of the committee. I hope that you will permit all of America to "Keep working—so that we can keep giving."

ADDENDA

WASHINGTON POST,
Washington, D. C., March 25, 1955.

LEAGUE SUPPORTS LIBERAL TRADE BILL

The League of Women Voters of the United States yesterday declared in a letter sent to every Member of the Senate that it is concerned about the number of claims being made that imports are injuring domestic industries.

Evidence in support of these claims does not appear to be available to the public, the league notes in the letter, which is signed by Mrs. John G. Lee, national president. The letter urges full support for H. R. 1 which it states provides "extremely modest" authority for a lowering of tariffs. Says the league:

"We grant that it is natural for individual industries to want to keep competition from increasing. But the league believes that competition is healthy for the economy, for continued economic progress, and for the consumers of the goods produced. We have witnessed the economic stagnation that has resulted in other countries from undue protection from foreign competition. It would be tragic for the United States to fall into a similar pitfall."

THE UNIVERSITY OF THE STATE OF NEW YORK

STATE OF NEW YORK,
County of Albany, ss:

Pursuant to the provisions of section 11, article 2, of the membership corporations law, consent is hereby given to the filing of the annexed certificate of incorporation of Committee for a National Trade Policy, Inc., as a membership corporation.

This consent, however, shall in no way be construed as an approval by the education department, board of regents, or commisisoner of education of the purposes and objects of this corporation, nor shall it be construed as giving the officers or agents of this corporation the right to use the name of the University of the State of New York, education department, board of regents, or commissioner of education in its publications and advertising matter, nor shall it be deemed to be a waiver of the approval of the board of regents for the conduct of a correspondence school by such corporation as provided in section 5002 of the education law.

In witness whereof I, James E. Allen, Jr., Acting Commissioner of Education of the State of New York, for and on behalf of the State education department, do hereunto set my hand and affix the seal of the State education department, at the city of Albany, this 14th day of September 1953.

JAMES E. ALLEN, Jr.,
Acting Commissioner of Education.

CERTIFICATE OF INCORPORATION OF COMMITTEE FOR A NATIONAL TRADE POLICY, INC., PURSUANT TO THE MEMBERSHIP CORPORATIONS LAW

We, the undersigned, for the purpose of forming a membership corporation pursuant to the membership corporations law of the State of New York, hereby certify:

1. The name of the proposed corporation is Committee for a National Trade Policy, Inc.

2. The purposes for which the corporation is to be formed are:

(*a*) To promote and advance the education of the general public concerning facts and problems of United States trade policies and to stimulate public interest in the problems of trade policy;

(*b*) To further such education by conducting and promoting research and study activities designed to develop and assemble facts, data, and statistics relevant to United States trade policies; by disseminating the results of such research and studies to the general public through publications and publicity of various kinds; by carrying out a program of education designed to explain the relation of commercial policy to the general prosperity of the United States as well as to the prosperity of specific sectors of the United States economy;

(*c*) To further the work of the Commission on Foreign Economic Policy (created pursuant to Public Law 215, 83d Cong., 1st sess.) by encouraging wide public understanding of the importance of sound trade policy through the various educational and research activities set forth above; by presenting testimony and data to the Commission based on the facts, data, and statistics acquired through such activities in order to assist the Commission in the determination of policies most appropriate to the national interest; by stimulating and assisting representatives of business, agriculture, labor, and consumers to present testimony and data to the Commission; and by assisting in the coordination of the work of other organizations concerned with the development of economic policy and cooperating with such organizations in their educational activities and in their submission of testimony and data to the Commission.

(*d*) To furnish, from time to time, to business firms and individuals making financial contributions to the committee selected portions of the information and data, assembled by the committee, as may be relevant to the segment of the economy or field of business in which the contributor's primary interest may lie.

(*e*) In furtherance, but not in limitation, of the foregoing purposes, the corporation shall have power and authority:

(i) To solicit and collect funds and contributions and to receive by gift, deed, bequest, or devise, and otherwise to acquire money, securities, property, rights, and services of every kind and description, and to hold, invest, expend, contribute, use, sell, or otherwise dispose of any money, securities, property, rights, or services so acquired for the purposes above mentioned;

(ii) To do all such acts as are necessary or convenient to accomplish the objects and purposes herein set forth to the same extent and as fully as any natural person could or might do and as are not forbidden by law or by this certificate of incorporation, or by the bylaws of the corporation;

(iii) To have all powers that may be conferred upon corporations formed under the membership corporations law of the State of New York;

(f) Whenever, in the judgment of the directors and voting members of the corporation, it is inadvisable to continue its activities, to make gifts and grants of all its remaining property to such nonprofit organization or organizations,

engaged in activities comparable to those for which this corporation is being formed, as may then be exempt from Federal income taxes, as the directors and voting members shall select, in such amounts and in such portions, even to the extent of giving and granting all such property to one recipient, as the directors and voting members shall deem advisable, subject to the jurisdiction of the supreme court of the State of New York in such cases made and provided.

3. The corporation is not organized for pecuniary profit, and shall not engage in any activities for pecuniary profit, and no officer, director, member, or employee of the corporation shall receive any pecuniary profit from the operations thereof, except reasonable compensation for services in effecting or carrying out one or more of its activities. No part of any net earnings of the corporation shall inure to the benefit of any member or individual, and no substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation.

4. The territory in which the operations of the corporation are principally to be conducted is the continental United States, including the District of Columbia, but such operations may also be conducted throughout the world.

5. The principal office of the corporation is to be located in the county of New York, city of New York, and State of New York.

6. The number of directors of the corporation shall be not less than 5 nor more than 25.

7. The names and residences of the directors of the corporation until its first annual meeting are:

Harry A. Bullis, 2116 West Lake of the Isles Boulevard, Minneapolis 5, Minn.
John S. Coleman, 700 Seward, Detroit 2, Mich.
Charles H. Percy, 40 Devonshire Lane, Kenilworth, Ill.
Morris S. Rosenthal, 1185 Park Avenue, New York, N. Y.
Joseph P. Spang, 203 Adams Street, Milton, Mass.
Charles P. Taft, 16 Garden Place, Cincinnati 8, Ohio.
George W. Ball, 3100 35th Street NW., Washington, D. C.

8. All the subscribers to this certificate are of full age; at least two-thirds of them are citizens of the United States; and at least one of them is a resident of the State of New York. Of the persons named as directors, at least one is a citizen of the United States and a resident of the State of New York.

In witness whereof, we have made, subscribed and acknowledged this certificate as of the 7th day of August 1953.

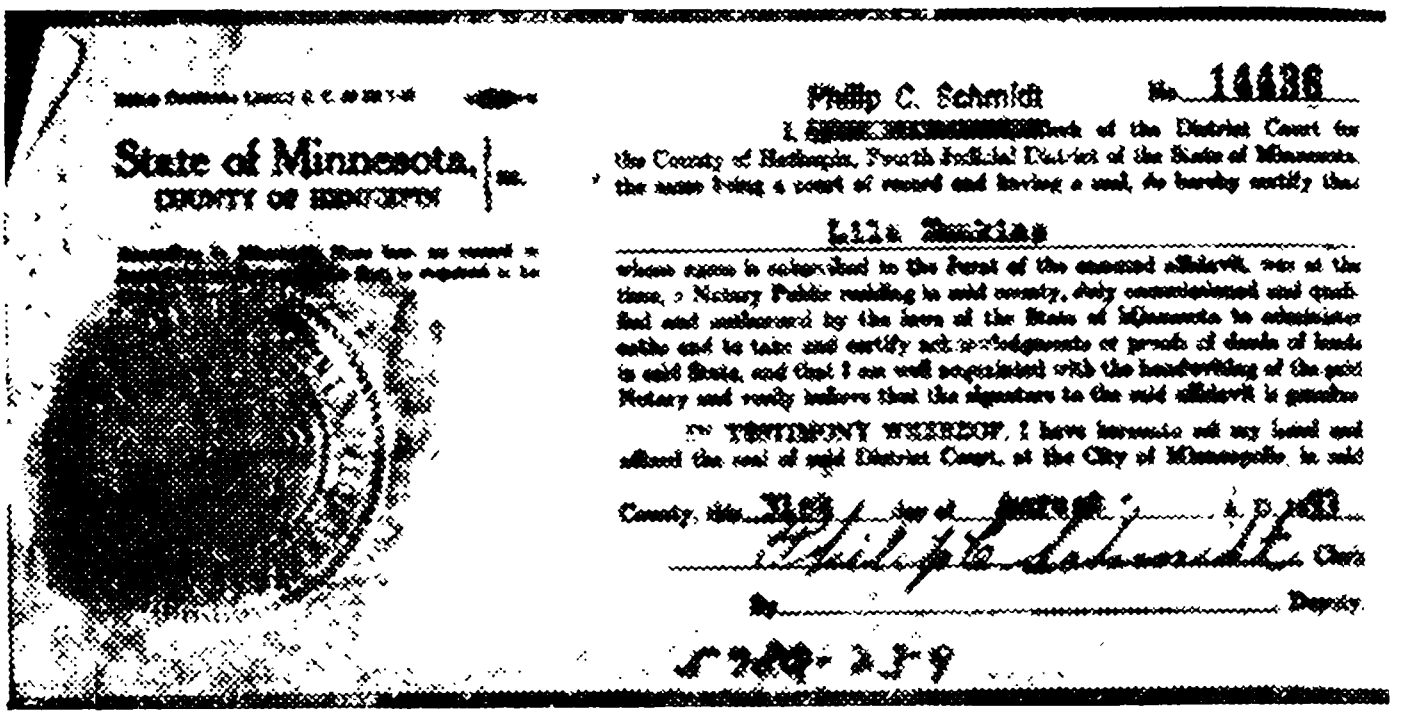
HARRY A. BULLIS.
JOHN S. COLEMAN.
FOWLER HAMILTON.
CHARLES P. TAFT.
GEORGE W. BALL.
CHARLES H. PERCY.

STATE OF MINNESOTA,
County of Hennepin, ss:

On this 19th day of August 1953, before me personally came Harry A. Bullis, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

LILA HUNKINS,
Notary Public, Hennepin County, Minn.

My Commission expires March 2, 1959.


State of Minnesota,
COUNTY OF HENNEPIN

Philip C. Schmidt No. 14436

Clerk of the District Court for the County of Hennepin, Fourth Judicial District of the State of Minnesota, the same being a court of record and having a seal, do hereby certify that

Lila Hunkins

whose name is subscribed to the proof of the annexed affidavit, was at the time a Notary Public residing in said county, duly commissioned and qualified and authorized by the laws of the State of Minnesota to administer oaths and to take and certify acknowledgments or proofs of deeds of lands in said State, and that I am well acquainted with the handwriting of the said Notary and verily believe that the signature to the said affidavit is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, at the City of Minneapolis, in said County, this 19th day of August A. D. 1953.

Philip C. Schmidt Clerk

By Deputy.

5789-23-F

STATE OF MINNESOTA,
County of Hennepin, ss:

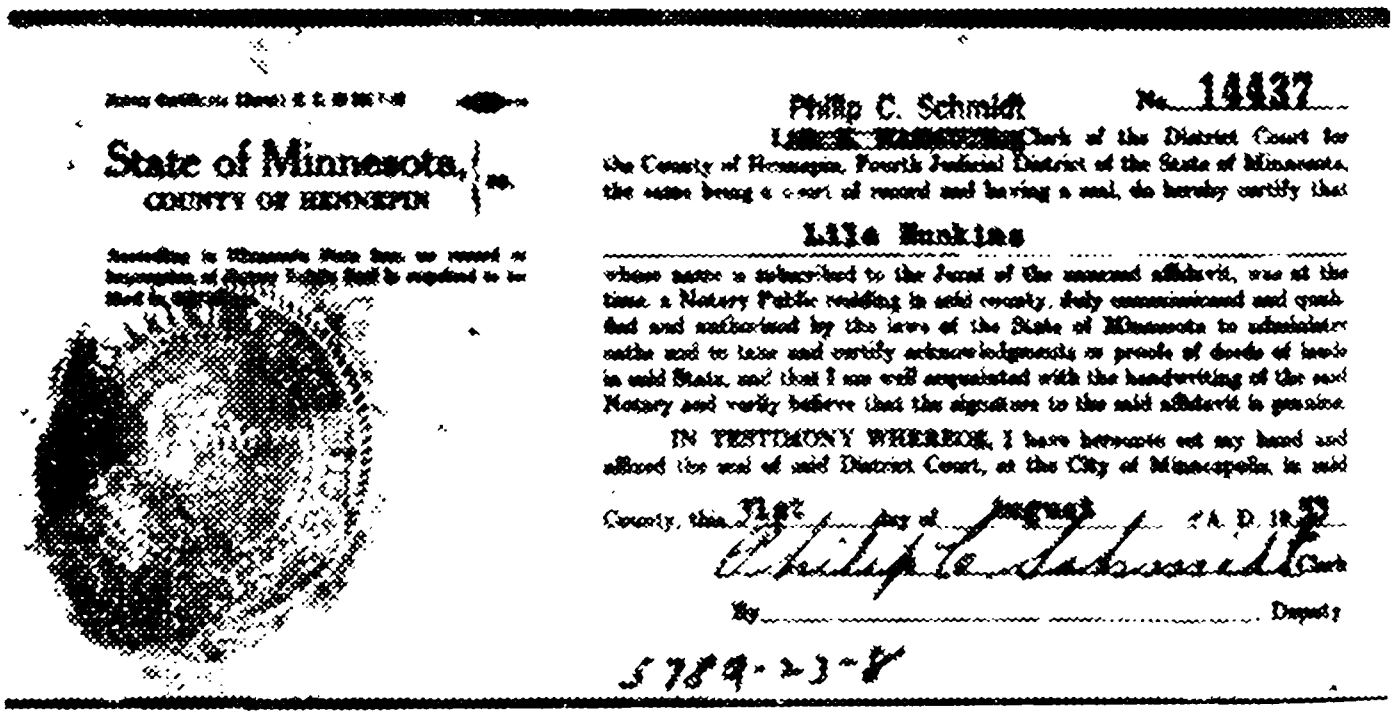
Harry A. Bullis, being duly sworn, deposes and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is also named in such certificate as a director; that he is of full age and a citizen of the United States, and that this is not the certificate of incorporation of an existing unincorporated association, society, league, or club.

[SEAL] HARRY A. BULLIS.

Subscribed and sworn to before me this 19th day of August 1953.

LILA HUNKINS,
Notary Public, Hennepin County, Minn.

My Commission expires March 2, 1959.


State of Minnesota,
COUNTY OF HENNEPIN

Philip C. Schmidt No. 14437

Clerk of the District Court for the County of Hennepin, Fourth Judicial District of the State of Minnesota, the same being a court of record and having a seal, do hereby certify that

Lila Hunkins

whose name is subscribed to the proof of the annexed affidavit, was at the time a Notary Public residing in said county, duly commissioned and qualified and authorized by the laws of the State of Minnesota to administer oaths and to take and certify acknowledgments or proofs of deeds of lands in said State, and that I am well acquainted with the handwriting of the said Notary and verily believe that the signature to the said affidavit is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, at the City of Minneapolis, in said County, this 19th day of August A. D. 1953.

Philip C. Schmidt Clerk

By Deputy.

5789-23-F

STATE OF MICHIGAN,
County of Wayne, ss:

On this 14th day of August 1953, before me personally came John S. Coleman, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

[SEAL] HELEN L. MCGEE,
Notary Public, Wayne County, Mich.

My Commission expires September 24, 1953.

STATE OF MICHIGAN,
County of Wayne, ss:

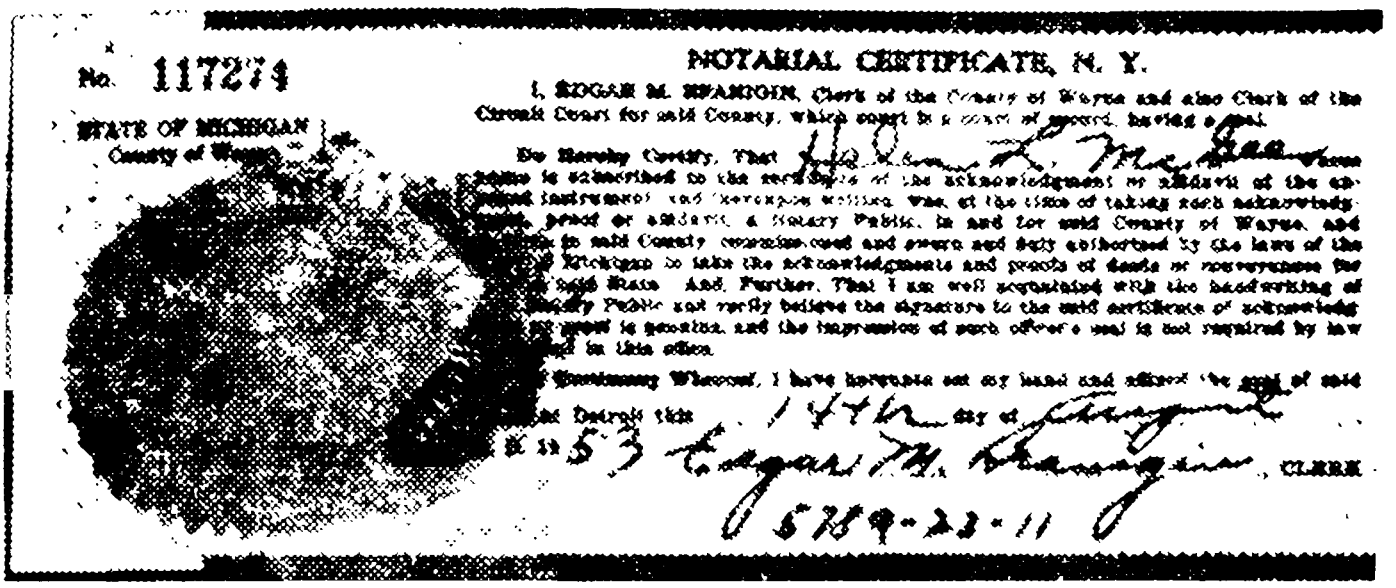
John S. Coleman, being duly sworn, deposes, and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is also named in such certificate as a director; that he is of full age and a citizen of the United States; and that this is not the certificate of incorporation of an existing unincorporated association, society, league, or club.

[SEAL] JOHN S. COLEMAN.

Subscribed and sworn to before me this 14th day of August 1953.

HELEN L. McGEE,
Notary Public, Wayne County Mich

My Commission expires September 24, 1953.



STATE OF NEW YORK,
County of New York, ss:

On this 13th day of August 1953 before me personally came Fowler Hamilton, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

[SEAL] MARY L. HORGAN,
Notary Public, State of New York.

Term expires March 30, 1955.

STATE OF NEW YORK,
County of New York, ss:

Fowler Hamilton, being duly sworn, deposes and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is of full age, a citizen of the United States, and a resident of the State of New York; and that this is not the certificate of incorporation of an existing unincorporated association, society, league or club.

FOWLER HAMILTON.

Subscribed and sworn to before me this 13th day of August 1953.

MARY L. HORGAN,
Notary Public, State of New York.

Term expires March 30, 1955.

STATE OF ILLINOIS,
County of Cook, ss:

On this 24th day of August 1953, before me personally came Charles H. Percy, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

[SEAL] PAUL J. PARISI,
Notary Public

My commission expires September 18, 1955.

STATE OF ILLINOIS,
County of Cook, ss:

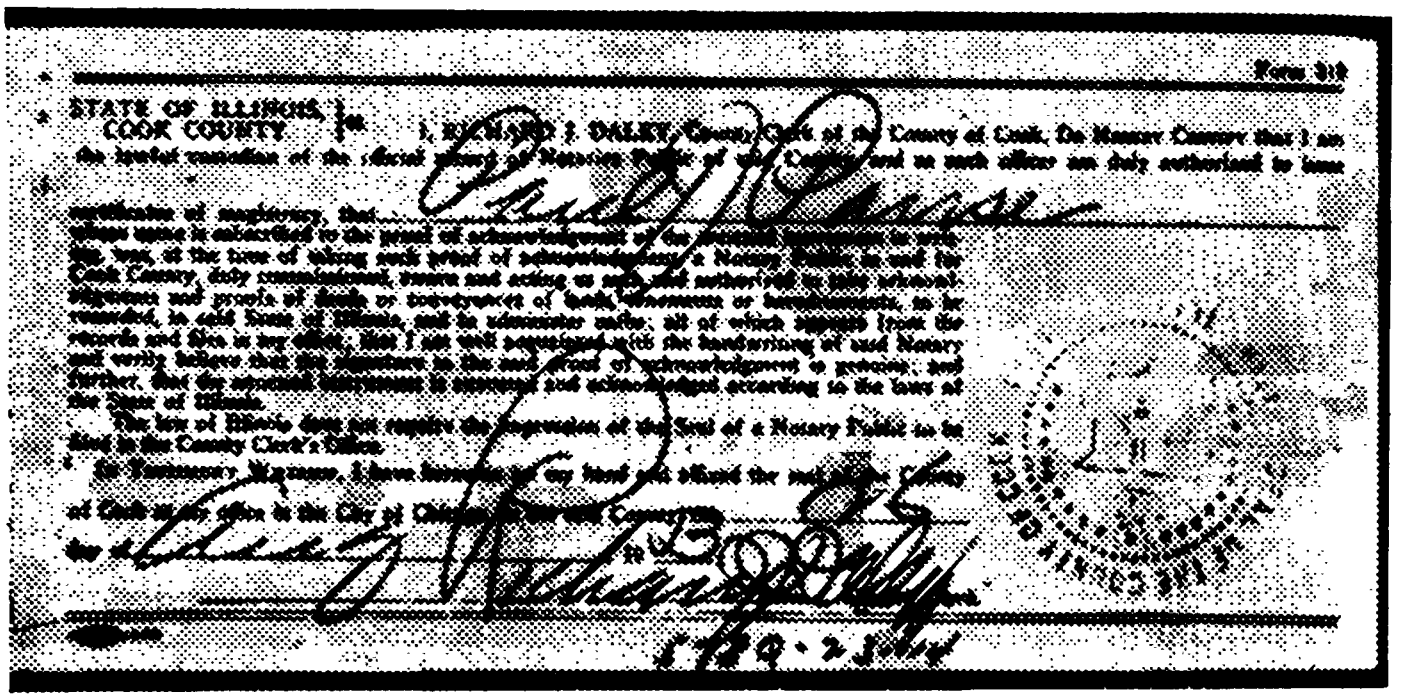
Charles H. Percy, being duly sworn, deposes and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is also named in such certificate as a director; that he is of full age and a citizen of the United States; and that this is not the certificate of incorporation of an existing unincorporated association, society, league, or club.

CHARLES H. PERCY.

Subscribed and sworn to before me this 24th day of August 1953.

PAUL J. PARISE,
Notary Public.

My commission expires September 18, 1955.



STATE OF NEW YORK,
County of New York, ss:

On this 28th day of August 1953, before me personally came Charles P. Taft, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

[SEAL]

LYDIA CONSTANTINO,
Notary Public, State of New York.

Commission expires March 30, 1955.

STATE OF NEW YORK,
County of New York, ss:

Charles P. Taft, being duly sworn, deposes and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is also named in such certificate as a director; that he is of full age and a citizen of the United States; and that this is not the certificate of incorporation of an existing unincorporated association, society, league, or club.

CHARLES P. TAFT.

Subscribed and sworn to before me this 28th day of August 1953.

LYDIA CONSTANTINO,
Notary Public.

STATE OF NEW YORK,
County of New York, ss:

On this 7th day of August 1953, before me personally came George W. Ball, to me known and known to me to be one of the persons named in and who subscribed the foregoing certificate of incorporation, and he duly acknowledged to me that he subscribed the same.

[SEAL]

MARY L. HORGAN,
Notary Public.

Term expires March 30, 1955.

STATE OF NEW YORK,
County of New York, ss:

George W. Ball, being duly sworn, deposes and says that he is one of the persons named in and who subscribed the foregoing certificate of incorporation; that he is also named in such certificate as a director; that he is of full age and a citizen of the United States; and that this is not the certificate of incorporation of an existing unincorporated association, society, league, or club.

GEORGE W. BALL.

Subscribed and sworn to before me this 7th day of August 1953.

MARY L. HORGAN,
Notary Public, State of New York.

Term expires March 30, 1955.

STATE OF NEW YORK,
County of New York, ss:

Melvin C. Steen, being duly sworn, deposes and says that he is a member of the firm of Cleary, Gottlieb, Friendly & Hamilton, the attorneys for the subscribers of the foregoing certificate of incorporation, and that no previous application for the approval of said certificate by any justice of the supreme court has ever been made.

MELVIN C. STEEN.

Subscribed and sworn to before me this 13th day of August 1953.

MARY L. HORGAN,
Notary Public, State of New York.

Term expires March 30, 1955.

STATE OF NEW YORK,
DEPARTMENT OF STATE, *ss:*

I certify that I have compared the preceding copy with the original certificate of incorporation of Committee for a National Trade Policy, Inc., filed in this department on the 16th day of September 1953, and that such copy is a correct transcript therefrom and of the whole of such original.

Witness my hand and the official seal of the department of state at the city of Albany, this 9th day of March 1955.

SAMUEL LONDON,
Deputy Secretary of State.

STATE OF NEW YORK,
County of New York, ss:

I, James B. M. McNally, justice of the Supreme Court of the First Judicial District in the County of New York, hereby approve the foregoing certificate of incorporation of Committee for a National Trade Policy, Inc.

Dated, New York, N. Y., September 11, 1953.

JAMES B. M. MCNALLY,
Justice, Supreme Court of the State of New York.

CERTIFICATE OF INCORPORATION OF COMMITTEE FOR A NATIONAL TRADE POLICY, INC., PURSUANT TO THE MEMBERSHIP CORPORATIONS LAW OF THE STATE OF NEW YORK

STATE OF NEW YORK, DEPARTMENT OF STATE.

Filed September 16, 1953. Taxes, none. Filing fee, $40.

THOMAS J. CURRAN,
Secretary of State.
By B. HORAN.

CLEARY, GOTTLIEB, FRIENDLY & HAMILTON, *New York.*

RADIO-ELECTRONICS-TELEVISION MANUFACTURERS ASSOCIATION,
Washington 5, D. C., March 25, 1955.

Hon. HARRY BYRD,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: This letter is respectfully submitted on behalf of the Radio-Electronics-Television Manufacturers Association, a national organization founded in 1924 and composed of approximately 383 manufacturers of radio, television, and electronics equipment. The products of the electronics industry are manufactured in all 48 States and Puerto Rico and are sold throughout the free world as well as to the domestic market. The industry's total export sales amount to approximately $300 million each year.

The purpose of this letter is to advise you that this association is opposed to the placing of any import quota on foreign oil because of the adverse effect which such a quota would have on the sale of American-made products abroad.

The country which would be most seriously affected by any import quota on foreign oil would be Venezuela. That country consistently has been one of our largest customers in the Western Hemisphere. In fact, in 1953, sales of electronic products to Venezuela exceeded sales to any other Latin American country, amounting to approximately $10 million. Its purchases have been paid for in cash through dollars derived largely from the sale of petroleum products to the United States, providing jobs for Americans in all States. An import quota would impair this industry's ability to sell products to Venezuela for two reasons, namely the loss of dollar revenue to Venezuela and the psychological effect which such a quota would have. Venezuelans would tend to buy products from those countries which do not curb the purchase of Venezuelan products.

New opportunities for the use of American-made electronic equipment have opened up with the expansion of oil exploration and drilling activities and the development of the iron ore mines in Venezuela. In fact, Venezuela is considered one of the best potential markets for electronic products in the entire world. Members of this association hope that no legislation dealing with foreign commerce will be enacted which will limit this industry's ability to supply the Venezuelan needs for electronic equipment. We believe that an import quota on foreign oil would result in such limitations.

For these reasons, this association respectfully requests that your committee reject the proposals which have been made to establish an import quota on foreign oil.

Respectfully submitted.

GLEN MCDANIEL, *President.*

REEVES BROTHERS, INC.,
New York 13, N. Y., March 15, 1955.

Hon. HARRY F. BYRD,
United States Senate Building,
Washington, D. C.

DEAR SENATOR BYRD: As you know, H. R. 1 reciprocal trade agreement, which the President is pushing and which has been passed by the House, is now before the Senate for consideration.

We have made a very thorough study of this bill and what it might mean to the textile industry and our conclusion is that reduction of tariffs on textiles would be absolutely ruinous to the textile industry. As you are aware, our wages in this country are 10 times higher than the Japanese wages paid in this industry. Even on the present tariff basis the Japanese are shipping in sizable amounts of goods which are at the present time having a decidedly harmful effect upon our market.

The President permitted an increase in tariff on Swiss watches, largely to maintain the industry in this country so that the skilled help might be available in time of emergency. Swiss watches are a drop in the bucket compared to the importance of the textile industry, being second only to food, and if our skilled personnel are forced to find employment in other industries, the Government will have lost one of its most vital sources of supply should an emergency arise. It is not only the skilled help that will be dispersed but the plants themselves will be forced to cose down and liquidate.

As a last resort it seems to us that a quota should be placed upon imports of textiles from Japan.

We note in this morning's trade paper that these low-wage countries are shipping into the West Indies cotton goods at 25 percent less than our market price. On this basis, without any further interference with tariff, our future is going to be a very rugged one.

I am attaching hereto a copy of letter written by Mr. Donald Comer, head of the Avondale Mills group in Alabama, which adds further light, I think, to this situation, also the clipping from the Daily News Record referred to above.

This matter is of such serious import to us that I hope you will take whatever steps in your power to defeat it in the Senate or delete if possible the reduction of tariffs on textiles. Should this fail, our only hope is to try for an amendment establishing an import quota from these low wage countries.

Yours very truly,

JOHN M. REEVES,
Chairman of the Board.

DRY GOODS MERCHANDISING—THE PULSE OF THE MARKET—UNITED STATES GRAY COTTONS EXPORTS TO WEST INDIES, CENTRAL AMERICA, HIT BY INDIAN COMPETITION

American cotton gray goods exports to West Indies and Central American markets have fallen to a trickle as a result of increasingly severe competition from Indian mills.

Local weavers and Japanese goods have played their parts in reducing the volume of this once important business, exporters here point out, but Indian goods are the chief problem.

A fairly substantial yardage of gray sheetings and drills used to be shipped from this country to those areas, exporters remind. By the influx of Indian fabrics in the coarse range at prices that are estimated to run about 30 percent below American quotations on similar cloth, has almost halted this business, it is said. These Indian fabrics are being offered at landed prices that are actually below those quoted by local producers, it is asserted. Japanese mills have been selling printcloths and broadcloths at about 25 percent below American prices and this competition is also on the rise.

Japenese houses are offering 100 by 60 broadcloth at 16 cents, c. i. f., any port. American price in the domestic market, 18¼. A Japanese 38-inch, 72 by 69, 4.41 yard printcloth is offered at 14½ c. i. f., any port, compared with 17¼, c. i. f., Central America, quoted by exporters in this country on 39-inch, 68 by 72, 4.75 yard.

SHIFT TO FINISHED GOODS

A shift toward shipment of more finished goods is noted by some export circles. Foreign buyers are showing increasing preference for finished goods as against former purchases of gray cloth. Better finishes produced here lately, as well as the fact that many buyers in Latin America now have more money to spend, is believed to be the chief reason for this switch in purchasing habit.

JAPAN'S EXPORTS HELD NOT INVOLVED IN RECIPROCITY ACT

WASHINGTON, January 18.—Secretary of Commerce Sinclair Weeks today conceded to Congress that some domestic manufacturers need protective tariffs, but he declared that the question of protecting chinaware, textiles, and other domestic industries from Japanese imports is not involved in the consideration of the administration's trade-agreements legislation.

Mr. Weeks urged the House Ways and Means Committee to approve H. R. 1 as the legislation needed to help increase imports, thus stimulating exports. H. R. 1, introduced by Representative Jere Cooper, Democrat, Tennessee, the committee chairman, would extend the Reciprocal Trade Agreements Act for 3 years beyond June 12 and authorize the President to seek tariff reductions totaling 15 percent in the next 3 years.

Mr. Weeks was belabored by Representatives Daniel A. Reed, Republican, New York; Thomas Jenkins, Republican, Ohio; Richard Simpson, Republican, Pennsylvania; Robert W. Kean, Republican, New Jersey; Aime Forand, Democrat, Rhode Island; Antoni Sadlak, Republican, Connecticut, and other committee members about the worry among the chinaware, glassware, textiles, lace, and coal industries that the United States will further reduce tariffs on imported goods which compete with their products, especially those from Japan.

SOMETIMES "INDISPENSABLE"

Mr. Weeks, in his prepared statement, told the committee, "My personal experience has been in the manufacturing field where in some instances a protective tariff is indispensable."

A number of committee members pointed to this statement as indicative of the need for preventing further tariff cuts on imported chinaware, glassware, and textiles. Although Mr. Weeks emphasized that he personally and officially supported H. R. 1, some committee members drew from him the statement that protective tariffs were necessary for industries which have wages as a high element of production costs and are in competition with foreign goods made with low labor costs. However, Mr. Weeks successfully evaded naming any particular industry which he felt could use a protective tariff.

Also, when pressed by Mr. Reed to discuss Japanese textiles and other goods, Mr. Weeks declared that the Japanese question will be a moot one in connection with this legislation because it will be decided before H. R. 1 becomes law. He was referring to a statement before the committee yesterday by Secretary of State John Foster Dulles that the Japanese trade-agreement treaty was expected to be completed by June.

Mr. Weeks conceded that the administration must see to it that serious damage is not done to domestic industries by Japanese imports, but at the same time he said Japan must be kept on the side of the free world.

Secretary of Defense Charles E. Wilson told the committee that H. R. 1 is needed to help our foreign economic policy. One objective of that policy, he said, is to increase and improve the productive capacity available in the United States to meet an expanding economy as well as an all-out emergency.

Mr. Wilson made it clear that the administration feels that imports are necessary in some instances to help control the flow of strategic items to the free world. He said, "Trade in carefully screened non-strategic items with the Communist bloc may at some time help to promote some basic understanding that will ultimately contribute to peace in the world. Trade is even more important to many nations than it is to the United States and control of trade in even strategic items on a free world basis will be difficult unless markets for trade in nonstrategic items are broadened including as large a market as possible in the United States."

Secretary of the Treasury George M. Humphrey and Secretary of Labor James P. Mitchell also were scheduled to support H. R. 1 before the committee today, and Harold E. Stassen, Foreign Operations Administrator, is to appear tomorrow, followed by industry witnesses.

TARIFF COMMISSION REPORT

Evidence of the Eisenhower administration's efforts to keep world trade open by refusing to hike tariffs was contained in a report the United States Tariff Commission made public today.

It shows that since taking office, President Eisenhower was asked to raise duties on 10 different occasions and declined to do so on 8 of them.

Summarizing tables in today's report shows the Commission has acted, as of January 7, on 59 applications. It dismissed 14 of these and decided against escape action in 22.

On 15 occasions, it asked the President to invoke the escape clause. Eight applications were either dismissed or at the applicant's request (knit gloves and mittens, hard-fiber cords and twines, acid-grade fluorspar) terminated by the Commission without formal findings or are still pending.

WHITE TO TESTIFY FRIDAY BEFORE HOUSE COMMITTEE

WASHINGTON, January 18.—John C. White of the American Cotton Shippers Association is scheduled to testify Friday before the House Ways and Means Committee in support of H. R. 1, the administration bill to extend the Reciprocal Trade Agreements Act for 3 years and to authorize some tariff cuts, according to tentative committee witness list.

Tomorrow, a spokesman for the Committee on a National Trade Policy is scheduled to testify, probably as the first public witness after Harold Stassen, Foreign Operations Administrator, who will complete the Administration's testimony.

The committee has no tentative list yet of opponents wishing to testify, but other proponents on the tentative list follow:

Thursday: Morris Rosenthal, National Council of American Importers, Inc., and United States Chamber of Commerce.

Friday: John C. Lynn, American Farm Bureau Federation; Murray D. Lincoln, Cooperative League; John Baker, National Farmers Union; Herschel D. Newsome; National Grange; and Warren Lee Pierson, United States Council of the International Chamber of Commerce.

Monday: James L. Palmer, president, Marshall Field, Chicago.

Tuesday: Phillip M. Talbot, president, National Retail Dry Goods Association; George Donat, assistant to the vice president, Parke Davis & Co., Detroit, and, the Committee for Economic Development.

MARCH 14, 1955.

Hon. CARL ELLIOTT,
House of Representatives,
Washington, D. C.

DEAR MR. ELLIOTT: I have your letters of February 15 and 22, and I certainly agree with you when you say, "I hope that when H. R. 1 has finished moving through the legislative mill that it may be administered to the point that it may do no substantial damage to any American industry."

This hope doesn't jibe with what Mr. Randall told us in Mobile in a recent speech, namely, that to help somebody you had to hurt somebody: meaning that he was going to help the Japanese textile industry by hurting the American textile industry. Who has the right to say that there shall be such a hurt and to measure the extent of it? If Japan is to be bought away from communism by the United States, then all of the United States should pay the price, not just the textile industry.

When the bill was in danger in the House, and the President sent his reassurances that he was not going to hurt any American industry, if he had said no more I would have tried to get some encouragement from the statement, but the trouble is he spelled out a procedure which was that he would reduce the tariff by degrees and not all at once. It doesn't make a tinker's, whether the President reduces or doubles the present Japanese tariff—our industry will suffer. It is suffering now under the present tariff, and when I say that, I mean that Avandale and Cowikee mills are suffering right now, and nothing short of a fixed quota will take care of the situation. The American industry has got to know just how many cheap Japanese goods we have to absorb in this unfair competition. Congress fixes our wages, our conditions and hours of operation, then tells us to make room for Japanese cloth. If our Government be realistic about it, I believe Japan would willingly agree to a quota voluntarily, but until they do or until we put some limits not now in the bill, our friends in Congress should vote against this legislation. The claim is made that because we export more goods than we import we can't be hurt by imports. If some few of our thousand mills have found an export outlet through some such trade arrangement or conditions with some of our friends in South America or Canada, that can't possibly mean that some of our other mills should be slaughtered because they are making the kind of cloth that Japan is shipping into this country. You might just as reasonably say that because Louisiana, Texas, and Arkansas exports some rice to Cuba, that Idaho and Maine should be required to accept some Canadian potatoes at some unfair price.

I don't know what the Senate is going to do with this legislation, but it is going to come back to the House again for another vote.

Yours sincerely,

AVONDALE MILLS, BIRMINGHAM, ALA.

Chairman of the Executive Committee.

SUGGESTED RESOLUTION FOR POSSIBLE ADAPTATION AND ADOPTION BY VETERANS' ORGANIZATIONS, SERVICE CLUBS, CIVIC GROUPS, ETC.

Resolved: That local jobs be saved.

If the United States foreign trade and tariff program continues in its present direction—constantly giving way to the demands of foreign countries—the local

textile and allied industries of our community are bound to suffer. Should these industries lose business, curtail or shut down, the entire community will be seriously hurt. Above all, there will be hardship among an unknown number of people who lose their jobs.

Textile industries of foreign countries are protected by subsidie, import embargoes, managed money and other kinds of trade controls. American textile jobs are protected only by tariff duties.

In the past few years the United States has cut down its tariff safeguards to levels below the danger point, as proved by the recent heavy inflow of goods from Japan. But the other so-called friendly nations have not followed the example of the United States and, instead, have imposed exorbitant tariffs, import quotas and many other trade barriers which are the real cause of world textile trade troubles.

The United States tariff is the basic protection of American textile wages and of our standard of living. Foreign industries can and do use the same machinery as American mills use. We have no efficiency advantage. Foreign industries also buy raw materials at the same prices that American mills pay. This leaves the wage cost as the only point of competition—and American industrial employees are therefore facing competition with such countries as Japan where textile wages average 13.6 cents per hour, and India, where the average hourly wage is only 9.5 cents.

American wage earners should not be asked to work against 10 to 1 odds. But that is what the Government is demanding right now. We urge that our Senators and Representatives act immediately to save our jobs. We ask that they take no action which would remove or cut down what little tariff protection we have left.

We also resolve to ask our friends and neighbors to join with us in appealing to Members of the Congress.

EDWARD HINES LUMBER CO.,
Chicago, Ill., March 24, 1955.

The Honorable HARRY F. BYRD,
United States Senator,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BYRD: I am writing you in opposition to H. R. 1. Our opposition is based on the unprecedentedly broad authority which H. R. 1 would grant to the President over our tariffs and foreign trade. Although we are mindful of the basic objective of reciprocity in the trade agreements program, and of the need of a stable tariff policy, I do not agree that it is necessary or appropriate at this time to provide a broadening—instead of an extension—of the Executive's traditional power to make trade agreements. This is particularly true at a time when significant trade concessions are being negotiated for the benefit of Japan and when the General Agreement on Tariffs and Trade has just been renegotiated in a new form at Geneva, and when the Tariff Commission is making a thorough study of all tariff classifications.

The hardboard produced by our company under the trade name of "Allwood" is manufactured from waste forest products. In our advertisements we state that "Allwood is made without cutting down a single extra tree." By using the slab and bark of the Douglas fir tree as our raw material, we not only practice the principle of conservation but we also develop complete utilization of a byproduct which was previously used for fuel—or destroyed. In this manner we are developing complete utilization of the Douglas fir log to a hitherto unprecedented degree.

Ours is a new industry which is experiencing many of the difficulties which generally beset new operations. In spite of the fact that we, along with other domestic hardboard manufacturers, pay higher wages and higher freight rates than those paid by our foreign competitors, we find ourselves exposed to the lower prices which develop when these foreign hardboard products are dumped on our domestic market—as is now the case. In view of our overall tariff reduction of 68 percent since 1937, further reduction in our tariffs would be at the direct expense of American manufacturers, American workers, and the general domestic economy.

Furthermore, I recommend for your study the statement of Donald Linville, executive secretary of the Hardboard Association, regarding H. R. 1. A copy of Mr. Linville's statement, which contains several other criticisms of that bill, has been sent to you.

Sincerely,

CHARLES M. HINES, *President.*

MANSFIELD INDUSTRIES, INC.,
Chicago, Ill., March 24, 1955.

Re record on appearance H. R. 1.

Hon. HARRY F. BYRD,
Chairman of the Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: As a manufacturer of photographic equipment and moving-picture cameras, I would like to state the following pertinent facts pertaining to the proposed tariff reduction on merchandise made in Switzerland.

In 1941 our Government was faced with an extremely dangerous situation in obtaining optics and movie cameras for gunsight and fire control. I wish to go on record as stating that I personally was responsible for breaking this bottleneck at that time. As the need for qualified and skilled labor in a fast conversion from a peacetime to an emergency level of these items is still apparent, any reduction in tariff which would injure the photographic industry in this country would be a drastic step.

If you will examine the inroads that imported cameras and optics have made in the past few years, you will understand what a lowering of the tariff will do to the domestic market. I urgently request that you examine the pathetic condition of our watch industry in this country so that you can gain insight of what will happen to the photographic manufacturers of the United States in the event this tariff is lowered.

Sincerely,

THEODORE FRUMKIN, *President.*

PHILIP MORRIS & CO. LTD., INC.,
New York, N. Y., March 24, 1955.

Hon. HARRY FLOOD BYRD,
United States Senate,
Washington, D. C.

MY DEAR SENATOR BYRD: We understand that a number of Senators have cosponsored an amendment to the Reciprocal Trade Agreements Act, which is currently being considered, to force the President to restrict imports when domestic materials that are needed for defense are threatened with injury. This amendment, we further understand, would also impose a 10 percent quota on oil imports generally, along with a specific 10 percent quota on residual imports.

As you may know, tobacco in its raw form, or in unfinished products, is a most important item in the export trade. Over recent years from 20 percent to 25 percent of the raw leaf grown in the Bright Belt is being exported to friendly countries overseas. This export market has been a great influence in maintaining a stable economy in at least five Southern States. In addition, the export of finished products has been a substantial part of our economy, giving work to American labor with concomitant benefits to entire communities.

This corporation, which is owned by and operated for the benefit of 25,000 American stockholders and additional thousands of employees, has a vital stake in the free movement of goods between countries. Last year alone we turned over to the Government approximately $150 million in taxes.

In addition, we have recently concluded arrangements for the manufacture of our products in Australia and the Philippines. For many years we have had an English manufacturing plant. Each year we will be sending from the United States to these plants millions of dollars of raw materials produced on American soil or in American factories.

Therefore, we feel most strongly that any attempt, such as represented by the proposed amendment, to limit world imports in this country would result in a substantial loss to the entire American economy. We further feel that it is moving contrary to the entire tradition of America, which had its foundings in a seaborne economy of sailing ships, sailing forth from the Colonies loaded with tobacco for the world markets.

We further feel that the productive capacity of our Nation and of our industry is so great that, to survive, we as a Nation and we as an industry must export. It cannot be a one-way street.

Thank you most sincerely for your consideration of the above views.

Very truly yours,

GEORGE C. DAWSON,
Director of Overseas Operations.

RESOLUTION SUBMITTED BY E. W. GOULD, DIRECTOR, INDUSTRIAL RELATIONS, SOUTHERN CRAFT FABRIC DIVISION, HALIFAX MILLS, HALIFAX, VA.

The following is a copy of a resolution recently passed by the General Assembly of North Carolina with respect to tariff policies:

A joint resolution petitioning the President and the Congress of the United States not to adopt tariff policies destructive of the domestic textile industry by failure to recognize difference in cost of manufacture by foreign industry compared with American industry

Whereas the present conditions of uncertainty in world affairs demand that in the interest of self preservation our Nation maintain all of its potential capacity; and

Whereas the low living standards of certain foreign countries provides textile manufacturers in those countries with an unfair advantage which may be destructive of that part of this Nation's industrial capacity now made up of textile industries unless there is a tariff structure which acts to offset this unfair advantage; and

Whereas more than one-fourth of the Nation's spindles are operated in North Carolina to process 28 percent of the Nation's cotton consumption; and

Whereas of the 450,000 industrial workers in the State, more than one-half, or 228,000 find employment in textile plants, the industry's annual wage bill in North Carolina ranging between $550 million and $600 million; and

Whereas the welfare of such industrial workers and their families would be adversely affected if tariffs on textile goods should be further reduced; and

Whereas in the interest of protecting the Nation's total industrial capacity, North Carolina's textile industry should not be weakened or forced to lower its manufacturing potential, and

Whereas the lower tariffs on textiles become, the easier it is for foreign countries to ship their products to this country and with each increase in the textile production of foreign countries a part of the American industry's foreign market is destroyed: Now, therefore, be it

Resolved by the House of Representatives, the Senate concurring:

SECTION 1. That in the administration of tariff policy and in the enactment of legislation relating thereto, procedures be established which will provide protection for the American textile industry; be it further

SEC. 2. *Resolved*, That a copy of this resolution be forwarded to the President of the United States, to the two Members of the United States Senate, and to each of the Members of the House of Representatives from North Carolina.

SEC. 3. That this resolution shall be in force from and after its ratification.

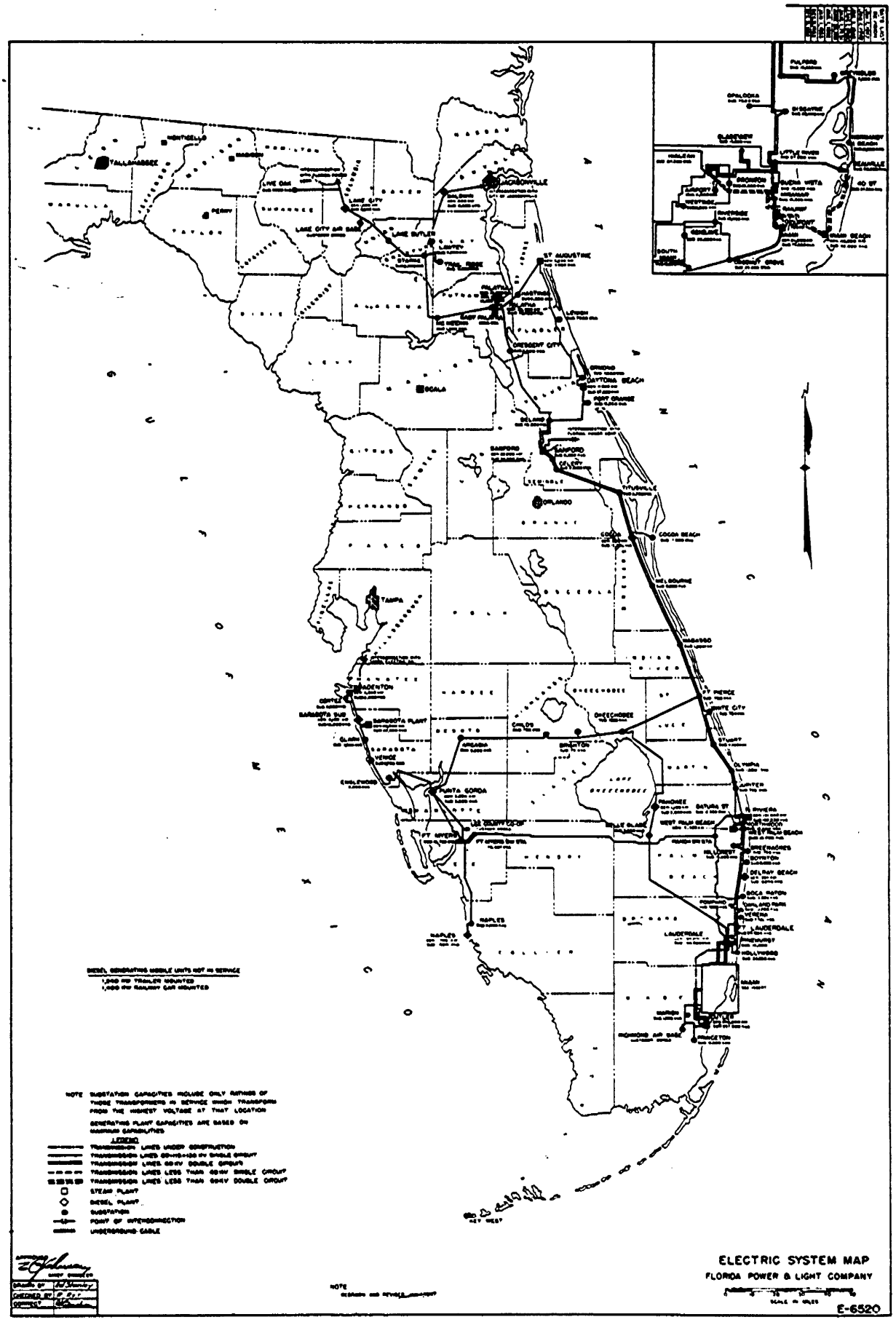
STATEMENT OF ROBERT H. FITE, PRESIDENT AND GENERAL MANAGER, FLORIDA POWER & LIGHT CO., MIAMI, FLA., WHICH SERVES HALF A MILLION ELECTRIC CUSTOMERS IN THE STATE OF FLORIDA IN THE TERRITORY INDICATED BY THE ATTACHED MAP OF ITS ELECTRIC SYSTEM

This statement is made on behalf of our company and its 500,000 customers. The so-called Neely amendment to H. R. 1 by limiting the importation of residual fuel oil would, according to the best information available, cause a shortage of 280,000 barrels per day in the United States or about 35 percent of the estimated demands. Since the imports flow into the east coast of the United States, most of the shortage would be felt in that area. Increased prices for fuel oil would be the inevitable result.

In Florida we have no nearby coal or natural gas fields, no important water-power sites, but are dependent upon oil imported by tankers from Gulf and Caribbean ports for the generation of electricity.

Anything that would tend to increase the price of fuel oil would work an extreme hardship directly upon our customers because such increases would be reflected in their bills for electric service under a fuel-adjustment clause in our rate schedules. Conversely, any decrease in the price of fuel oil would reduce customers' bills.

During 1954 our company used approximately 6 million barrels of fuel oil in its electric plants to generate electricity. An increase of $1 a barrel which, we are told, could result from enactment of the Neely amendment would hit the pocketbooks of our customers to the tune of approximately $6 million.



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Aside from the effect on our own customers, the penalty on other oil users throughout this State would be great because Florida depends almost entirely on oil for fuel.

In addition, we believe that the importation of oil permits this country to retain its own important natural reserves of oil which are so vital to the long-range economy and security of the Nation.

We urge that the Neely amendment be defeated in the interests of the welfare of the people of Florida as well as for many other reasons.

STATE OF VERMONT,
EXECUTIVE DEPARTMENT,
Montpelier, March 25, 1955.

Hon. GEORGE D. AIKEN,
United States Senate,
Senate Office Building, Washington, D. C.

DEAR GEORGE: The effect on Vermont of the Neely amendment to the reciprocal-trade agreement can be summed up as follows:

To limit the availability of crude and residual fuel oil could create a shortage of fuel oil for heating of homes, colleges, hospitals, public schools, municipalities, electric power companies, and transit companies, most of which are now geared to this type of heating. A shortage could mean large expense for conversion to other types of heating by many institutions which can ill afford to have that added expense.

To limit the supply of heating oil would help to eliminate competition in this field with the inevitable result of an increase in price of that commodity. This could affect the price of all petroleum products such as gasoline, kerosene, naphtha, etc. Many of our electric plants are large consumers of fuel oil in the manufacture of electricity and an increase in price of electricity would make it less attractive to new industries to come to Vermont.

Every Vermonter, whether he is engaged in business or operating an institution or employed by an organization, faces a very rugged climate here and his heating bill in many cases represents a large portion of his expenses. To limit the supply of oil through quotas on imports as proposed by the Neely amendment can do no good for Vermonters.

Sincerely yours,

J. B. JOHNSON.

SALUBRA SALES CORP.,
New York 22, N. Y., March 21, 1955.

Senator IRVING IVES,
Senate Office Building,
Washington, D. C.

HONORABLE SIR: I attach an article which appeared in a recent wallpaper trade magazine. As I now import wallpaper from Switzerland, I have a definite interest in keeping our tariffs where they are.

The article gives an unfair impression, for although the American wallpaper industry is not in good condition, this has nothing whatsoever to do with the import of wallpaper for the following reasons:

1. American wallpaper at the factory is sold at an average of less than 30 cents—whereas, the wallpaper that is imported is certainly at an estimated average of 50 cents. These prices are to the wholesaler.

2. It is true that since the war there has been an increase in imports, but this is entirely in the luxury grades where foreign manufacturers have presented better style and quality at a much higher price and with better merchandise plans.

3. The arrival of these better styled wallpapers has stimulated the American industry to try better things which are becoming successful. This is the case until competition has improved the entire industry.

4. The statements above are "general." It is interesting to note that today the more profitable section of the industry is the group having their specialty in highly styled wallpapers, whereas the part of the industry which is not doing well is that group which has stuck to the idea that they ought to make things cheaper, and let me say that they have copied many of the good foreign designs

without much help to themselves, for the American consumer is choosing very carefully.

If you can suggest any action that I might take, I will appreciate it. It was nice to see you for a moment at 522 a short time ago.

Very truly yours,

EDWARD R. BARTLETT.

[From the Wallpaper Magazine, February 1955]

ASK TARIFF AID FOR WALLPAPER

The domestic wallpaper manufacturing industry "will collapse" unless Congress gives it better protection against imports, the United Wallpaper Craftsmen and Workers of North America, AFL, told the House Ways and Means Committee on February 2.

M. C. Firestone, representing the union, declared in his statement that more than 50 percent of the domestic industry's factory employees are currently laid off and have no hope of reemployment in the foreseeable future. Wallpaper imports, he said, are taking up about 25 to 30 percent of the domestic market at present, and are still rising sharply.

Wallpaper importers contacted just before we went to press took issue with Mr. Firestone. They pointed out that, according to figures publishd by the United States Bureau of the Census, wallpaper imports during the most active years accounted for less than 2 percent of the total value of all wallpaper sold in the United States. During 1953 and 1954, they added, imports of wallpaper declined, lowering this percentage still further.

THE DELHI FOUNDRY SAND CO.,
Eagle Pass, Tex., March 28, 1955.

CHAIRMAN OF THE SENATE FINANCE COMMITTEE,
Senate Finance Committee Office,
Washington 6, D. C.

MY DEAR SIRS: We notice in the Legislative Daily of the Chamber of Commerce of the United States that the Senate Finance Committee was asked for a temporary quota of 25 percent of domestic consumption on imports of fluorspar.

We want to file a protest against this for the following reasons: First, we are in position to know this will cripple the production of steel at this time; second, the production of domestic fluorspar cannot be increased enough to take care of the demand in the United States.

We have been mining and producing fluorspar in the States for many years specially in Kentucky and Illinois and our mines there have been exhausted with the exception of a few mines that produce a few truckloads a month. In order to supply our customers we have been importing almost all of our supply from Mexico and we are also doing work in Kentucky trying to increase production there but after several years of work we have not found any fluorspar that would pay to mine and with the present duties on fluorspar which is $7.40 per short ton and the differential in freight of approximately $10 per ton we believe this is enough difference to pay anyone that has a mine in the States to produce at a sufficient margin of profit.

We notice one producer in the States claims the industry is near collapse because of imports but we claim it is because of lack of fluorspar deposits that have not been mined out and to reduce the amount of fluorspar to be imported into the States would be very serious at the present time because of the increase in the production of steel that is badly needed now.

The writer appeared before the Federal Tariff Committee that was called to investigate the question of raising the tariff on fluorspar and at that time my testimony was practically the same as outlined in this letter.

Yours very truly,

H. F. MCVAY,
President.

EMPIRE STATE PETROLEUM ASSOCIATION, INC.,
New York 17, N. Y., March 28, 1955.

Senator FLOOD BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: In view of the current hearings on H. R. 1 being held by the Senate Finance Committee, we would like to call to your attention a published statement of the National Coal Association in its petition filed with the Interstate Commerce Commission, March 23, asking removal of increased freight rates on bituminous coal which the ICC authorized in 1953.

In the petition the National Coal Association states that there has been a steady decline in coal production and that excessive freight charges are largely responsible for loss of coal markets in recent years.

Because of the coal industry's insistence that the reduction in the consumption of bituminous coal was due almost entirely to the importation of residual fuel oil, it is our feeling that this statement by the National Coal Association should have a real interest for the members of the committee in considering coal's recommendations on the President's foreign trade program as embodied in H. R. 1.

Under the circumstances, it is difficult to know which of these statements to believe, particularly as applied to the Neely amendment which appears to be directed primarily to the restrictions of imports of residual fuel oil. The one obvious conclusion would seem to be that the coal people can interpret their statistics to suit the situation in which they are currently involved.

In this connection, it is interesting to note that the consumption of residual fuel oil in the United States has shown no important increase since World War II.

Sincerely,

HARRY B. HILTS, *Secretary.*

AMERICAN COTTON SHIPPERS ASSOCIATION,
Memphis 1, Tenn., March 29, 1955.

H. R. 1.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR MR. CHAIRMAN: Because it is so easy to get an erroneous impression of what is actually happening with respect to textile imports from the overemphasized fears of the textile industry, the enclosed excerpt from The Cotton Situation of March 29, 1955, with respect to exports and imports of cotton textiles is particularly pertinent to the consideration of H. R. 1 by your committee.

It shows that imports of cotton yarn and fabric represent a comparatively small part of our exports of cotton yarn and fabrics. It expresses, moreover, the judgment of the Department of Agriculture that "totals for the 1954–55 season may show a slight gain in the balance of exports over imports."

This confirms the opinion urged by this association that the real interest of every element in the cotton industry is in the enactment of H. R. 1 without crippling amendments.

Yours very truly,

JOHN C. WHITE.

[The Cotton Situation, March 29, 1955, published by the U. S. Department of Agriculture]

EXPORTS AND IMPORTS OF COTTON TEXTILES

One of the factors which sometimes affects the domestic mill consumption of cotton is the international trade of the United States in cotton textiles. The exports of yarn and fabric during the past World War II cotton marketing years have varied from a high equivalent to about 779 thousand bales in 1946–47 to a low of approximately 358 thousand bales in 1953–54. Imports of cotton yarn and fabric were equivalent to about 10 thousand bales in 1946–47 and approximately 27 thousand bales in 1953–54. In other words, the exports of yarn and fabric have tended to decline since the end of World War II and imports have tended to increase. However, imports have been only a small proportion of exports, as shown below.

TABLE 1.—*Cotton yarn and fabric: Exports and imports, United States, converted to equivalent bales of cotton, 1935–39 average and 1946–53*

Year beginning Aug. 1	Exports	Imports		Excess exports over imports
		Quantity	Percentage of exports	
	1,000 bales [1]	*1,000 bales* [1]	*Percent*	*1,000 bales* [1]
1935–39 average	174.5	47.6	27.3	126.9
1946	779.1	9.8	1.3	769.3
1947	754.6	15.2	2.0	739.4
1948	577.4	10.1	1.7	567.3
1949	376.3	18.9	5.0	357.4
1950	437.8	27.8	6.3	410.0
1951	481.5	10.0	2.1	471.5
1952	422.7	25.9	6.1	396.8
1953	357.8	26.9	7.5	330.9
1949–53 average	415.2	21.9	5.3	393.3

[1] Cotton used in manufacturing yarn and fabric.

The cotton used to manufacture exports of yarn and fabric in 1953–54, the lowest postwar year, exceeded that used to manufacture imports by about 331,000 bales. This compares with the 1935–39 average of about 127,000 bales. Imports of yarn and fabric in 1953–54 were a little more than half as large as in 1935–39, but exports of cotton yarn and fabric in 1953–54 were more than double those of the prewar period.

In general, United States exports of cotton textiles were very large imdiately following World War II because of the low level of operations in the textile industries abroad caused by the war. As the foreign textile industries recuperated, United States exports declined and imports increased. Nevertheless, even in 1953–54, the balance of yarn and fabric exports over imports was about 161 percent above the 1935–39 average.

During the first part of the current marketing year, imports of cotton yarn and fabric were slightly above the same period in 1953–54, but exports increased more, as shown below:

TABLE 2.—*Cotton yarn and fabric: Imports and exports, converted to equivalent bales of cotton, August to November 1953 and 1954*

Year	Exports	Imports	Excess of exports over imports
	1,000 bales [1]	*1,000 bales* [1]	*1,000 bales* [1]
1953	115	10	105
1954	125	13	112

[1] Cotton used in manufacturing yarn and fabric.

The data for the first 4 months of the 1954–55 season indicate that the United States exports of yarn and fabric are exceeding imports by at least as much as during the same period a year earlier. Data now available indicate that totals for the 1954–55 season may show a slight gain in the balance of exports over imports.

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
March 29, 1955.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Attached hereto you will find a copy of my remarks in the Record of yesterday, in relation to three amendments which I introduced to H. R. 1, on which the Finance Committee is now holding hearings. Will you be good

enough to incorporate my remarks as a part of the record, and as soon as the amendments are printed, I will furnish your committee with copies of the same for that purpose also.

With kind regards, I am

Sincerely yours,

OLIN D. JOHNSTON.

EXTENSION OF TRADE AGREEMENTS ACT

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk three amendments which I intend to propose when House bill 1 comes before the Senate. I now ask that the amendments be printed, so as to be available when that bill is taken up, after it is reported from the Finance Committee.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance.

Mr. JOHNSTON of South Carolina. Mr. President, the Senate Finance Committee now has under consideration H. R. 1, which passed the House of Representatives on February 18, 1955. This bill has for its purpose the extension of authority to the President of the United States to enter into certain trade agreements, and for other purposes. The bill contains certain provisions to which I have fundamental objections. A few minutes ago I sent to the desk certain amendments which I intend to propose to House bill 1. The purpose of the amendments is to overcome these basic objections and to cure the obvious defects of that bill.

The proponents of H. R. 1 are contending that its provisions in effect call for a 3-year extension of the President's authority to enter into trade agreements with the power to reduce or increase existing tariff rates to the extent of 5 percent annually for the next 3 years. If this in fact is true, and if one could be assured in its administration of such a fact, there might be no necessity for the amendments I have sent forward. My experience here, however, has taught me that in the final analysis of things and in the administration of many acts of Congress, not always are the stated purposes realized. Oftentimes, administrative rules and regulations which thwart the will of Congress are issued. Oftentimes the courts construe our acts to mean what we ourselves never intended them to mean.

Mr. President, the real purpose of the amendments I have sent forward today is to protect the cotton textile industry, particularly, against the contingencies of bad administration which can very well and may very well happen with disastrous results, not only to labor but to management itself. I do not propose at this time to address myself at length to the real reasons for the provisions of these amendments, as I am hopeful that the Finance Committee may report a measure which will meet with my approval. The Senate and the country, however, must be alerted against the possible dangers lurking in the loose language and certain loopholes which I see in H. R. 1. No opportunity ought to be presented now for the doing in the future of an irreparable injury to the cotton textile industry, one of the basic industries in South Carolina, nor to the hundreds of thousands of employees whose daily livelihood would be affected by it. My own specialized knowledge of and close association since childhood with the cotton and textile industry afford me a better background to speak out now than has been the case with many other Senators.

Mr. President, my mail has been heavier on the present pending measure, H. R. 1, than on any other subject since I have been a Member of the Senate. The thousands of appeals which have reached me from employees and laborers who fear their jobs will be placed in jeopardy by such legislation have made a profound impression upon me. The industry, whose investments may be at stake, let it be noted, is likewise alerted to the dangers that confront it. My sympathy is with management and the workers alike in the predicament which they face in the cotton textile industry, because of the loose, elastic language and the uncertainties lurking in H. R. 1.

The amendments which I am submitting today would make more certain the character of administration which we should anticipate, and would render less hazardous the means of livelihood of those engaged in it. I am dedicated to the purpose of securing continuing benefits for those whose daily bread depends upon steady employment at fair wages, the laborers in the cotton fields and in the cotton mills. If the mills suffer for lack of an adequate market, then labor, too, will suffer.

Let me digress for a moment to point out that much criticism has been directed to the position I have consistently taken on the floor of the Senate in opposing our foreign aid programs, which I have called our giveaway folly. There are

those who are now beginning to realize that the fundamental objections which I have urged through all these years may now affect them. I have never felt that we possessed the strength to spread safely our economic aid all around the world and at the same time maintain our own economic strength and standards of living at home. It is as simple as that to me. Our economic strength has never justified the wanton and reckless wasting of our substance in all the areas of the world. Regardless of the percentage of our own economic strength, all must eventually realize that 6 percent of the world's population cannot compete with the remaining 94 percent. However splendid and beautiful and seemingly righteous the hope that we can perfect the working conditions of mankind everywhere, we ought to recognize, if we are at all realistic, that we cannot attain this desirable condition by our efforts alone. When we weaken ourselves economically, we weaken ourselves military and destroy the high standards of living we have set at home.

The theorists, the economists, and many who are capable of talking out of both corners of their mouths have yet to satisfy me that we can by weakening our own economic condition save the whole wide world. I will go along with these programs just so far and no farther. I do not want to see the United States—and, so far as I can prevent it, the great industries of the South—leveled off or sunk for the benefit of others to whom I have no personal obligation or duty to protect.

Look at the condition of the textile industry for a moment. I refer to the fact that the percentage of sales and profits on sales after taxes have already declined in the textile industry. They were about 3.8 percent in the aggregate for the periods of 1950, 1951, and 1952. In 1953 the percentage dropped to about 2.1. For the first 3 quarters of 1954, the percent of profits has dropped to the dangerously low level of 0.09. Some may call this narrowness on my part, but with me charity begins at home. Commonsense, prudence, and realism should be our constant guides. The one-worlders' program has never excited my religious devotion because in most respects such idealism is impracticable.

Let me be specific for a moment. There are certain negotiations now in progress at Geneva the outcome of which can and will vitally affect the cotton textile industry in South Carolina and the great mass of my former fellow workers in the cotton mills. These pending negotiations are before the international organization known as GATT, which means "General Agreement on Tariffs and Trade." This organization is one of those created by an Executive agreement. Its provisions have never been submitted to the Senate for confirmation; they never will be. To submit the destiny and welfare of the laboring people or their bosses to the tender mercies of the representatives of about 36 other nations and the diverse interests thus resulting is asking more than I, personally, am willing to give. In addition, it is the sole constitutional function of Congress to regulate commerce. To permit a foreign group, by whatever name called, to have control over the American commerce is an abdication of our constitutional responsibility in the Senate. Congress must not kill the goose that lays the golden eggs, however large or small the eggs may be.

Until the negotiations at Geneva are concluded and their terms fixed and made known to us, it is unwise and unfair to the workers and businessmen of America to submit their welfare and the future determination of their relative rights to any foreign group in which we have only one voice. We must fix and maintain their rights here and now. To me it is self-evident and obvious that the date of July 1, 1955, as a pivotal starting point for the reduction or increase of tariff rates is hazardous. It is my solemn conviction that January 1, 1955, a date on which we know what conditions were, should be substituted for July 1, 1955, in the provisions in H. R. 1.

One of my amendments has to do with the elimination and clarification of some very loose language now employed in H. R. 1. Ever since I became a Member of the Senate it has been my conviction and contention that we should not delegate our legislative functions. I have always sought to maintain the position that the lines of separating the authority of the legislative branch, the judicial branch, and the executive branch of our Government should be more clearly marked. I do not believe that the legislative branch is capable of administering a law; by the same token, I do not believe that the executive branch should be delegated a legislative function. That has been the basis of my objection and will continue to be the basis of my objections to all judicial legislation.

I shall continue to insist as long as I am here that the policy of our Government must be determined by the Congress, and not by the judicial branch or the

executive branch. We cannot follow the administration of every act of Congress after we pass bills; the day-by-day task is too much for us. We can, however, by a correct choice of words and by a prudent selection of language, make more reasonably certain that our intent in passing legislation is not thwarted in its administration. The language in paragraph ii, subsection d, of section 3 is quite loose and leaves too much for future determination or arbitrary interpretation. I find in it the words "normal" and "negligible." "Normal" and "negligible" are relative terms, leaving too much discretion to the future, too much to be interpreted at the behest of those who administer them—so far as this particular piece of legislation is concerned, and can very easily in reality become a travesty on both labor and management in South Carolina. I have believed and urged consistently for a fair margin of profit for industry and for labor's share in that profit. To assure continued and better working conditions, fair wages, a higher standard of living, labor's just rewards, and a fair margin for industry, I think these elastic and undefined terms "normal" and "negligible" should be stricken from the pending bill. Conditions may develop in the future, and too many varying minds and other dependent happenings may be brought into play to satisfy my doubts; hence, the statute should be pinpointed now to eliminate the elasticity these two words permit.

For all these reasons, and for the greater reason that none of us can predict what the future holds, I have submitted another amendment.

The "escape" clause and "peril-point" provision of existing law are yet in the main untried in their application. There have been 59 applications for relief before the Tariff Commission; in 15 of these cases, although the Tariff Commission has found injury or threat of injury to industry or labor, the President of the United States has taken action in only 5 cases. This is the result for the simple reason that the President may take into consideration other factors which a particular industry or segment of the industry is given no right to answer.

Until we proceed a little further and invest the Tariff Commission with the power to hear all the factors and bind the President to follow them, I contend too much latitude is given one man and too little opportunity to answer is given those who may be adversely affected in that individual's decisions. I do not wish to see the cottonmill workers in South Carolina out of employment nor the industry exposed to the dangers and uncertainty of subparagraph E of H. R. 1 now pending before the Finance Committee. This result could very well be disastrous from top to bottom.

Suffice it for the moment to say that we must never forget our own people in both labor and industry when we revel in our ability to scatter their economic substance to the four winds of the heavens.

[H. R. 1, 84th Cong., 1st sess.]

AMENDMENTS Intended to be proposed by Mr. Johnston of South Carolina to 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, viz:

On page 4, line 13, strike out "July" and insert in lieu thereof "January"
On page 6, line 20, strike out "July" and insert in lieu thereof "January".
On page 6, line 22, strike out "July" and insert in lieu thereof "January".
On page 7, line 10, strike out "July" and insert in lieu thereof "January"
On page 10, line 9, strike out "July" and insert in lieu thereof "January".
On page 11, line 4, strike out "July" and insert in lieu thereof "January"

[H. R. 1, 84th Cong., 1st sess.]

AMENDMENTS Intended to be proposed by Mr. Johnston of South Carolina to 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, viz:

On page 4, beginning with line 14, strike out through line 2, on page 5.
On page 5, line 3, strike out "(iii)" and insert in lieu thereof "(ii)".

[H. R. 1, 84th Cong., 1st sess.]

AMENDMENTS Intended to be proposed by Mr. Johnston of South Carolina to 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, viz:

On page 4, lines 9 and 10, strike out "(except as provided in subparagraph (E) of this paragraph)".

On page 5, beginning with line 24, strike out all through line 9, on page 6.

On page 7, line 20, strike out "or (E)".

On page 9, line 15, strike out "or (E)".

On page 10, line 8, strike out "and subparagraph (C) of this paragraph".

On page 10, beginning with line 22, strike out all through line 4, on page 11.

WESTERN STATES MEAT PACKERS ASSOCIATION, INC.,
San Francisco 5, Calif., April 4, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: As the Finance Committee considers H. R. 1, we hope you will bear in mind that the livestock and meat industry would be seriously jeopardized by any further lowering of the tariff on meat imports.

In 1930 Congress established a tariff of 6 cents a pound on meat and 3 cents a pound on livestock. These rates were reduced by 50 percent effective January 1, 1948.

Livestock production costs in many other countries are only a fraction of those in the United States. United States tariffs are already so low there is no need for any further cut.

Prior to 1948, beef and veal imports from Canada had averaged less than half a million pounds a year. Up to that time we had received the surplus livestock production in Canada in the form of live animals that were slaughtered in American plants. When the tariff concession became effective in 1948, beef and veal imports from Canada that year jumped to 71,634,243 pounds or an increase of 14,000 percent.

The independent meat packers represented by the Western States Meat Packers Association oppose the granting of tariff making authority to the executive branch. We believe the recommendations of the Tariff Commission should be binding on the executive branch of Government.

Inasmuch as the executive branch of Government, including the State Department, have frequently shown that tariff levels are set by them on the basis of international politics rather than upon domestic economic considerations, we feel that it would be inappropriate for the Congress to pass H. R. 1 in its present form.

We urge that you support changes in the bill which will prevent our Government from reducing any tariffs in the United States unless there is a definite showing that such tariffs are excessive.

We ask for tariff protection only in those instances where foreign goods derive their advantage through wages that are considerably less than those paid in the United States.

H. R. 1, as passed by the House, would not only grant additional broad powers to the executive branch of Government to reduce tariffs, but it would also preratify United States participation in a world trade organization which could make tariff policies and rates binding on the United States.

Respectfully yours,

L. BLAINE LILJENQUIST.

RESOLUTION PASSED BY THE WORLD TRADE CLUB OF SEATTLE AT GENERAL MEETING MARCH 10, 1955

Subject: Endorsement of Extension of Trade Agreements Act, 84th Congress

The members of the World Trade Club of Seattle being directly concerned with the movements of goods to and from foreign countries; and

Knowing that foreign commerce is a two-way proposition but that trade must be promoted in a realistic, practical manner; and

Believing that the proposed legislation now before Congress is well conceived and in the best interests of the United States and the Pacific Northwest,

Do hereby urge the enactment of the Trade Agreements Extension Act, 1955, extending the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, for a further period of 3 years from June 12, 1955.

THOMAS E. ALLEN,
Chairman, Resolutions Committee.

THE GLOBE-WERNICKE CO.,
Cincinnati, Ohio, April 1, 1955.

Hon. HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: At the monthly meeting of the world trade club of the Cincinnati Chamber of Commerce, held last night, a motion was made and carried that wires and letters should be sent to you and also to Senators Bender and Bricker with reference to H. R. 1, urging that this bill be passed without crippling amendments.

We feel very strongly that our own economic growth is dependent upon expanding world markets. We must have allies who are economically strong for our own security, and an expanding trade is the only adequate solution of these two problems.

The exporting of United States merchandise abroad is a very large part of the United States economy and several millions of people are employed in that trade. In order for this export trade to continue and expand, our foreign buyers must have the dollars to purchase these goods, and this can be only accomplished by our purchasing more from them.

We feel that an expansion of international trade resulting from lower tariffs would mean more jobs and higher incomes for our economy. We also feel that we should encourage our allies to trade with us in every way possible, as, if we do not, they will necessarily have to trade with the Soviet bloc in order to live.

We sincerely hope that you will use your best efforts toward the passing of H. R. 1 without these crippling amendments.

Thanking you very much, and with kindest regards, we are,

Yours truly,

W. F. GAMMAGE,
Manager, Export Department.

RESOLUTION

Be it resolved by the mayor and council of the town of Guttenberg, in the county of Hudson, N. J.:

The mayor and board of council of the town of Guttenberg in the county of Hudson, N. J., being one of the industrial communities in northern New Jersey, and having industries and townspeople intimately connected with the health and welfare of the textile and related industries; the lace and embroideries industries; printing, dyeing, and finishing, and other fabric and textile industries, hereby urgently call upon the President of the United States, the Secretary of State, the Secretary of Commerce, their United States Senators from New Jersey, Hon. H. Alexander Smith and Hon. Clifford P. Case, and appropriate committees of the United States Congress, to exert every effort to amend H. R. 1, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as follows:

1. By removing the powers which permit the reduction, beyond present limits, of tariff rates that are even now inadequate to safeguard many of the industries and the jobs of workers in these communities, particularly in the textile and allied industries.

2. By strengthening the escape-clause provisions of current law so that the United States Tariff Commission's finding of injury to the domestic industries and workers will be honored, and prompt action taken to prevent or remedy such injury.

3. By withholding authority to the President to commit the United States to the substantive provisions of the general agreement on tariffs and trade, so that Congress may have an opportunity to study and act on these provisions, as re-

cently revised in secret sessions at Geneva, and to determine their probable effect upon American producers and workers.

Unanimously adopted March 21, 1955.

HERMAN G. KLEIN, *Mayor.*

Attest:

[SEAL]

PETER HEINZ, *Town Clerk.*

BINGHAMTON CHAMBER OF COMMERCE,
Binghamton, N. Y., March 23, 1955.

Senator HARRY F. BYRD,
Senate Office Building, Washington, D. C.

DEAR SENATOR BYRD: At today's meeting the board of directors of the Binghamton Chamber of Commerce voted unanimously to oppose H. R. 1 (the Trade Agreements Act) in its present form on the grounds that it needs strengthening in those provisions which would protect domestic producers against unreasonable competition.

They respectfully suggest that the present law be further extended for 1 year in order to give additional time for consideration and study by the Senate Finance Committee and other interested parties.

In arriving at their conclusion, the board was constantly aware of the significance of a liberal trade policy and this country's responsibility to its foreign allies. It realizes that our allies cannot be strong militarily or stable politically if they are weak economically. At the same time our board reasoned that unless our own domestic economy is strong as it is at the present time, we could not for very long continue the financial and technical aid which we are now rendering to so many of the countries in the free world.

We ask your favorable consideration to this letter.

Sincerely,

HARRY H. MILLER, *Acting President.*

AMERLUX STEEL PRODUCTS CORP.,
Philadelphia 29, Pa., April 2, 1955.

Senator HARRY F. BYRD,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D. C.

SIR: I am writing to ask the support of yourself and your committee and trust you can do everything possible toward the passage of H. R. 1 to extend the Reciprocal Trade Agreements Act.

I know there are many interests who feel the passage of this bill will hurt American economy.

It is my sincere and honest belief that just the opposite is true.

I have represented the above firm which is the American office of the Luxembourg steel mills since 1936 with the interruption of World War II years. I meet all incoming ships with cargo for our clientele in the United States to survey the loading and check for possible damage and I have ample opportunity to see what is discharged and what is loaded in the way of American exports to other countries. I wish sometime you could yourself survey operations in either Baltimore or Philadelphia, the two ports with which I am directly concerned, to see for yourself what actually goes on. I can tell you most definitely when American imports fall off, American exports drop too. All of our material is shipped via American steamship companies who either own the ships or charter them from others. They naturally cannot exist profitably on traffic that is too much one way and if we are to export heavy tonnages we must likewise not block imports by unfavorable legislation.

I might bring to your attention in 1 year to my knowledge the Grand Duchy of Luxembourg imported from the United States over $30 million in heavy machinery, rolling equipment and electrical items alone, whereas their total imports from Luxembourg that year were less than $7 million. You can appreciate this is a very unfavorable trade balance, so far as Luxembourg is concerned.

Prior to joining this organization in my working life, I was employed by two very large American interests. I intend to make this my life's work, for aside from the profit angle which is not large at all, I am very happy in this work. It is a nice thing to realize one is connected with something that redounds to the

benefit of others besides oneself. Every time I make a sale here, I set in motion a chain of circumstances that helps everyone involved.

From the time an order is cabled, the mills roll the material, ship it by rail to the Antwerp docks; it is then loaded on American boats, discharged by American stevedores and delivered to our clients by our railroad or trucking companies and then in many, many cases is made into something of which a large portion may again be exported. The duties our Government collects on these tonnages, as you know, run into very considerable sums.

I have been to many countries in Europe and know what they need from the United States and that their purchases from us must, of necessity, be limited to a very large degree on what they can sell here of their products.

To my knowledge, I do not believe American imports of imported steel do not often exceed in any 1 year 1 to 1½ percent of total American production except possibly in cases of extreme steel shortages here at which times our production helped very materially to keep American businesses needing steel to keep operating at high levels.

I wish it were possible sometime for me to meet and discuss this whole general situation with you, and please believe me, not for selfish reasons, but I do not request that unless you or your committee would want the benefit of any thoughts that I could give you.

In closing I would like to tell you I am an American, born in Philadelphia in 1893. I know my work and I know its effect on others. I certainly could not conscientiously recommend anything that would hurt the United States nor its industry.

Respectfully submitted.

LEO D. KELLER,
Philadelphia-Baltimore Representative.

The CHAIRMAN. The committee will adjourn.

(Whereupon, at 1:45 p. m., the committee adjourned.)

THE NATIONWIDE COMMITTEE OF INDUSTRY, AGRICULTURE,
AND LABOR ON IMPORT-EXPORT POLICY,
Washington 5, D. C., March 31, 1955.

Hon. HARRY F. BYRD,
Senate Office Building, Washington 25, D. C.

DEAR SENATOR BYRD: I send you herewith the results of my analysis of the agreement recently signed to set up an Organization for Trade Cooperation. I seek to show the relationship between the proposed OTC on the one hand, and the "trade rules" of GATT no less than the purposes and objectives of that organization and H. R. 1 on the other.

This becomes somewhat complicated, but the long and short of it as I see it is that ratification of OTC would also be ratification of the GATT trade rules as well as the purposes and objectives of GATT.

Sincerely yours,

O. R. STRACKBEIN, *Chairman.*

DO WE NEED THE NEW INTERNATIONAL TRADE ORGANIZATION CALLED THE ORGANIZATION FOR TRADE COOPERATION (OTC)?

(By O. R. Strackbein, Chairman, the Nationwide Committee of Industry, Agriculture, and Labor, March 28, 1955)

On March 21, 1955, the United States signed an agreement with the GATT powers to establish an Organization for Trade Cooperation (OTC). The signature was conditional on congressional approval of United States membership in the Organization. Such approval would take the form of congressional ratification.

The stated purpose of the new international trade organization is to administer the General Agreement on Tariffs and Trade, known as GATT, which was signed October 30, 1947, and which has now been revised after more than 7 years of operation.

OTC, the proposed new international trade organization, besides administering the revised GATT, is to have the following additional functions—

1. To facilitate intergovernmental consultations on questions relating to international trade;
2. To sponsor international trade negotiations;
3. To study questions of international trade and commercial policy and, where appropriate, make recommendations thereon; and
4. To collect, analyze, and publish information and statistical data relating to international trade and commercial policy, due regard being paid to the activities in this field of other international bodies.

In carrying out these functions the OTC is to "give full effect" to the purposes and objectives of GATT. These purposes, and objectives, be it noted, are not among the enumerated powers of the new organization, OTC, but are nevertheless of the greatest importance. In fact they represent the fundamental reason for setting up an administrative organization.

To give it body, the OTC is to be set up with an Assembly, consisting of representatives of all members (with one vote per member), an Executive Committee, a Secretariat, and a Director General. Once composed, the OTC is to be brought into relationship with the United Nations, as one of the specialized agencies, such as UNESCO, ECOSOC, etc.

QUESTION OF NEED

The question arises why such an organization is necessary. GATT has operated for 7 years without it.

Are the operations of GATT to be expanded? Are the powers exercised by it to be broadened? Or has its administration hitherto been deficient?

Does an agreement such as GATT from its very nature require an organization for its administration?

The State Department has said reepatedly that the "trade rules" of GATT are necessary to assure the continuity of concessions and to guard against their nullification by sundry acts of the member states. It has also said that a forum is needed for consultation on matters in dispute, etc.

What are the trade rules of GATT?

They purport to be nothing more than rules designed to gain compliance with the tariff concessions, bindings, and similar obligations agreed to in the course of trade agreement negotiations. One of the rules agreed to is to ban import quotas, with several stated exceptions. Another is nondiscriminatory treatment, embodied in the most-favored-nation clause.

It is difficult to see why it would be necessary to create an organization with the full-blown panoply of an assembly, executive committee, and a director general as a means of assuring compliance with the agreement.

If, for example, one country reduces its tariff say from 30 to 20 percent on a given import, the trade rules are designed to prevent that country, having itself gained some concession from some other country in return, from nullifying its own concession. This it might do by limiting the amount that it will import by establishing an import quota, setting up exchange controls, an import license system, or some other device that would limit the imports and thus nullify the concession. The trade rules of GATT are designed, among other things, to prevent the adoption of such concession-nullifying devices, but should hardly require an assembly, executive committee, etc., for its direction.

True, the General Agreement is a complicated document and policing the trade rules requires much detail work to avoid a breakdown. The agreement itself provides so many loopholes and exceptions that it is impossible to say when a concession is really a concession or a mere gesture. That makes for much work and discussion.

For example, countries that suffer from monetary shortage or "balance-of-payment difficulties" may have recourse to import quotas without violating their agreement. The question may arise whether a given country at a given time falls into such a category. The same is true if a country qualifies as underdeveloped economically. How long does it remain in that category? Again, if a country has established agricultural controls, such as ours, it may use import quotas to prevent upsetting the program with respect to particular crops, such as cotton, wheat, peanuts, etc. Here arise questions of domestic policy as against the liberalization of trade.

Under these circumstances a great many concessions are obviously no more than pious expressions. Many countries can qualify for one or more of the exceptions.

Then there is the escape clause in the General Agreement. This permits the withdrawal of a concession (restoration of the duty, for example) if imports increase to the point of causing or threatening serious injury to a domestic industry producing the same or similar article.

GATT wants to know whether this clause will be used to nullify concessions without proper justification. Therefore, escape-clause decisions by members are sometimes subjected to very close inspection.

In all these cases GATT provides that if nullifying steps are taken without justification in the eyes of the members, they may permit the other country or countries, i. e., the country or countries with which the concession was negotiated, to withdraw a substantially equivalent concession to compensate for the initial nullification.

Beyond and quite apart from the escape clause, member countries may also petition GATT for release from certain obligations previously agreed to. GATT sessions devote considerable time to such petitions, granting some and rejecting others.

Unquestionably all these questions of compliance and waivers lead to great complexities. Each nation has to ask permission to do what may appear perfectly proper to it. While unilateral action is not stopped as a result, it is slowed down, depending on the seriousness with which individual countries regard their GATT obligations.

After all this has been said, it is still a question why an assembly and an executive committee are necessary as instrumentalities of enforcing or gaining compliance with the agreement or releasing members from their obligations or commitments.

The reason for providing such machinery may, therefore, reside elsewhere.

GATT'S OBJECTIVES—MORE THAN MERE TRADE RULES

A clue may be found in article 1 of the Agreement on the Organization for Trade Cooperation. It says that the organization is established to further "the achievement of the purposes and objectives" set forth in the General Agreement on Tariffs and Trade.

What are these "purposes and objectives"?

They are: That the members should conduct their relations in the field of trade and economic endeavor with a view to—

1. Raising standards of living;
2. Ensuring full employment;
3. And a large and steadily growing volume of real income and effective demand;
4. Developing the full use of the resources of the world;
5. Expanding the production and exchange of goods; and
6. Promoting the progressive development of the economies of all the contracting parties.

This is a heavy program indeed. It seems to cover point 4 as well as much else that might be considered conducive to the economic development of the world. To cope with such a broad program successfully could indeed be expected to utilize the services of an assembly, an executive committee, a director general, a very considerable secretariat, and even a growing bureaucracy.

Obviously these stated objectives go a considerable distance beyond the function of a compliance office or a forum for consultation. They do not stop with "trade rules" but go far afield in the broad aspects of international economies. The only real question is, Do these words mean what they say or do they merely represent a facade

Only if they mean what they say, i. e., if the OTC as a specialized agency of the United Nations, is really to undertake to work toward the stated goals of raising standards of living, ensuring full employment, developing the full use of the resources of the world, expanding trade, etc., would it require the type of organization proposed for it.

If the stated ambitions and purposes of GATT are not really to be pursued, no such organization is necessary. There is no need to build up quasi-judicial machinery of the kind contemplated if only matters of compliance, waivers, and "consultation" over differences are to be the principal function of the organization.

If the establishment of the organization is nevertheless insisted on, it should be clear that the exercise of the much broader functions is contemplated.

While at the present time the trade rules contained in GATT are not as broad as those that were provided in the charter for an international trade organization, we may be sure that with the machinery provided by setting up of the OTC it would be only a matter of time before GATT would become indistinguishable from the ITO.

While the OTC could not of itself broaden the functions of GATT it could "sponsor international trade negotiations," i. e., arrange for new conferences in which the General Agreement could and no doubt would be broadened.

Another of the express functions of the OTC would be to "study questions of international trade and commercial policy and, where appropriate, make recommendations thereon."

This is made to order for bright and ambitious global economic planners who might take seriously their mission to make over the world in conformity with the GATT objectives. Should OTC be ratified it would be difficult to avoid on behalf of the United States compliance with accepted obligations regardless of their conflict with our Constitution.

Instead of Congress regulating our foreign commerce this function would move more and more into the control of the economists and trade experts of GATT, not merely our own State Department economists. Their commission to "study questions of international trade and commercial policy" and their recommendatory functions would before long lead to an overriding of the representations of our own producers, manufacturers, workers, miners, farmers, et cetera, back home, who would have no voice in the portals of OTC or GATT. Wherever the two come into conflict the voice backed by our international obligations would rise above the voice from back home. OTC functionaries need give no heed to "provincial," "local," or "nationalistic" interests. Not being elective officials, they would be in no way beholden and therefore not responsible to the electorate.

CONCLUSION

It is not necessary to set up the Organization for Trade Cooperation if its functions were limited to those it would obstensibly be set up to administer.

It would be necessary only if the Organization was to go about achieving the real objectives of GATT.

This means that the ratification of the OTC cannot be considered properly without examining thoroughly all aspects of GATT, including its purpose and objectives and their implications for this country, no less than the old and revised trade rules and how they operate.

Inasmuch as H. R. 1 in its present form would greatly widen the power of the President in relation to the trade rules—specifically, by empowering him to make trade agreements covering the use of quotas (possibly eliminating their use altogether), customs formalities and "other matters" relating to trade—it becomes clear that H. R. 1 itself should not be further considered before—

1. The enlarged powers contained in section 3A thereof are considered in relation to OTC;
2. The function of OTC as administrator of GATT is clarified;
3. The old and revised "trade rules" of GATT itself are thoroughly examined and
4. The purposes and objectives of GATT, which the OTC is to achieve, are examined in relation to the proposed enlarged powers of H. R. 1 and article 1, section 8, of our Constitution.

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