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REPORT
No. 1838

TRADE AGREEMENTS EXTENSION ACT OF 1958

JULY 15, 1958.—Ordered to be printed

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

REPORT

together with

INDIVIDUAL AND MINORITY VIEWS

[To accompany H. R. 12591]

The Committee on Finance, to whom was referred the bill (H. R. 12591) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The Senate Finance Committee amended the House bill as follows:

1. The authority to reduce tariffs in trade agreements was extended for a period of 3 years, until June 30, 1961. The House bill would have extended such authority for a period of 5 years, until June 30, 1963.

2. Authority is granted to the President to reduce duties a total of 15 percent below present levels at the rate of 5 percent per year on the same basis as existed under the 1955 act. In other words the amount of decrease becoming initially effective at one time must not exceed 5 percent of the rate existing on July 1, 1958. Also, no part of any decrease in duty under this alternative shall become initially effective after the expiration of the 3-year period which begins on July 1, 1958.

3. The House-passed provisions relating to escape clause procedure under which Presidential disapproval of the Tariff Commission recommendation would be overridden by the adoption of a congressional concurrent resolution by a two-thirds vote of both Houses were deleted. In place of these provisions the Finance Committee inserted language providing that the Tariff Commission's recommendations would be-

come effective unless the President's disapproval of those recommendations was sustained by majority vote of each House of Congress. In case of a divided vote by the Tariff Commission as to injury, the affirmative findings would be considered the findings of the Commission. In any case where there existed a divided vote as to the remedy for the injury, the recommendation specified by the President in his report to Congress as providing the greatest measure of relief would be considered as the findings of the Commission.

4. The committee broadened the language of the House provisions relating to national security by providing that in the administration of those provisions the President must take into consideration the effect on the national security of a weakening of the general economy by excessive imports of competitive products. It also provided, in national security cases, that unless the President determines the article in question is not being imported into the United States in such quantities as to threaten the national security he shall take steps to adjust the imports of the article and its derivatives.

5. The Finance Committee added to the bill an amendment to establish a nine-member bipartisan commission to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, practices, and administration. An interim report is to be filed on or before June 30, 1959, and a final report, including recommendations, must be presented to the President and the Congress on or before June 30, 1960. The Commission is to be composed of 3 members appointed by the President, none of whom may be members of the executive branch; 3 from the Senate Committee on Finance, appointed by the Vice President; and 3 from the House Ways and Means Committee, appointed by the Speaker of the House. No more than two in each group are to be from the same political party.

GENERAL STATEMENT

In extending the President's authority to enter into new trade agreements and in those agreements to further reduce the tariff level of the United States, the Finance Committee held full hearings and had the benefit of a large number of statements submitted for the record. Considerable evidence has been presented that the protection afforded domestic industries by way of tariffs is at an unprecedented low point and extreme caution must be exercised in future negotiations to mitigate possible injury to the domestic economy. However, the committee adopted strengthening provisions relating to both peril point and escape clause action and voted to extend the authority of the President to make further tariff reductions by any one of three alternative methods, with the firm conviction that such extension at the present time is in the national interest.

The negotiating of new agreements or providing additional concessions in existing agreements by the President can be conducted on exactly the same basis as was granted in the 1955 extension of the act. In fact, some additional tariff cutting authority was granted that was not granted in the last extension, namely, the alternative of reducing existing duties by 2 percentage points. This provision was in the House bill and was retained by the Finance Committee. The President will thereby have even greater authority to reduce tariffs than was granted him by the last extension and no new restrictions have

been placed on his use of that authority. The House-passed bill included a modification of the peril-point provision which, although it extended the time for peril-point studies from 120 days to 6 months is not expected to handicap negotiators in any way.

The bill as reported also provides new authority for the President never before granted in any prior extension by permitting him to take items from the free list and assess a duty of up to 50 percent when serious injury was found as a result of escape clause action.

Under the present law any article on the free list which had been bound there as a concession in a trade agreement, while it has the protection of the escape clause, cannot be made dutiable. Present escape clause protection provides the President with only two alternatives: (1) To remove the concession (paving the way for possible legislative action) or (2) the application of a quota. The provision in the bill as reported permitting the President to assess a duty in such cases is intended to provide faster action in cases where serious injury is occurring, or to provide a means of action other than the application of a quota. It is the sense of the committee that escape-clause action should be available in all cases whether the items in question are on the free list or are dutiable, regardless of the reason or purpose for the establishment of the presently existing tariff treatment.

In reporting legislation delegating to the President all of the new tariff authority it was deemed wise to extend at this time, the Finance Committee took a careful look at our dwindling bargaining power in relation to foreign-trade restrictions on products exported from the United States.

The committee views with concern the large number of new trade barriers constantly arising in countries with which the United States has friendly trade relations. Sharp increases in duty, the imposition of license or quota controls, exchange controls including multiple categories and differential rates, purchase arrangements that discriminate against the United States, special taxes, fees or charges added to duties, and many others are being noted. These new trade restrictions are developing notwithstanding all of the constructive work done under the trade agreements program. The extensive foreign aid, in fact all the economic and financial assistance made available by the United States to foreign countries since World War II has helped to improve their economies and trade and generally has contributed to advances in human standards of living. All of this combined seems not to have succeeded in materially retarding the trend abroad toward restrictions on dollar imports.

The committee believes that the time has come when a more coordinated economic policy regarding foreign trade should be established and that special attention should be given the prevention of new trade barriers and increased restrictions against United States exports. New economic development projects abroad that are likely to require special protection and import controls which in turn result in higher prices to foreign consumers depending even in small part on economic assistance, should be carefully examined before such financial or other assistance is authorized. Likewise, countries with a record in regard in regard to trade policy matters, especially as regarding the open market purchase of dollar goods, which shows incompatibility with the stated intent of the trade agreement program observed so meticulously

by this country should not object to a careful examination of policy before participating in further United States programs.

The United States is in a unique position to help discourage many new trade restrictions from being imposed—one of the sound reasons why the Finance Committee urges continued participation in the presently existing trade program for an additional 3 years. Not only is it the greatest market in the world for more products from more countries, but it is a dollar earning market, which dollars are generally in great demand. The Congress has adopted legislation authorizing very substantial sums for various foreign programs as well as for the disposition of surplus agricultural commodities under extremely favorable conditions for purchasers.

It is to be hoped that administrative agencies will be able to effect a more coordinated economic policy regarding international trade and to make some progress toward the mitigating of trade restrictions abroad. The committee did not feel that a 5-year extension and authority to reduce tariffs by 25 percent would be the kind of incentive, or sufficient incentive, to accomplish this purpose, inasmuch as past United States tariff reductions of much more substantial proportions have failed to stem the tide of foreign restrictions and discriminations.

It was this problem, among a number of others, which moved the committee to amend the House bill to provide for a thorough study, by a special Commission, of the whole trade agreement program. What we have given by way of concessions, balanced against what we have actually received; what we have left to give, balanced against what we might possibly receive; what real effect has the trade agreement program had on our relations with the rest of the world and what may we expect its effect to be in the future? These questions and the nebulous theories expounded by proponents and opponents of the program as to its general effect need to be crystallized and coordinated, and so the committee has asked that the Congress be fully and accurately informed before time for the next extension arrives. It is intended that the proposed Commission on International Trade Agreement Policy will in a simple and accurate manner answer some of these complex questions.

It is anticipated that the Commission will give close attention to the operation of the escape clause and to the best methods of administering and implementing it.

In this connection, the Finance Committee amended the House bill to provide that the President, if he chooses to overrule the findings of the Tariff Commission, must obtain the support of a majority of the Congress within 90 days. The House bill provided that if the President did not choose to follow the recommendations of the Tariff Commission, the industry claiming the injury would have 60 days in which to persuade two-thirds of the Congress to disagree with the President. The committee recognized the difficulty and improbability of any industry, large or small, being able to obtain a two-thirds majority of Congress to oppose or overrule the President. It therefore, modified the bill. The committee did, however, agree that Congress might well be the adjudicator when the President differs with the Tariff Commission, especially since the original constitutional responsibility and jurisdiction is vested in the Congress. That theory in the House bill was accepted, but the committee amendment provides that Congress may successfully participate by a simple, rather than a two-thirds, majority.

When the President, in the national interest, for reasons of international diplomacy or for any other reason does not choose to remedy an injury found by the Tariff Commission to exist, he should not be required to obtain the support of more than a majority of the Congress, even though he may be operating from a most advantageous position—a position far more likely to provide success than would that of a lone industry lacking the entree or machinery for such an undertaking.

In its administration of the escape clause, the Tariff Commission has sometimes divided as to whether there is injury or as to what the remedy should be when injury is found. The Extension Act of 1953 provided that the President may choose in such a case as follows:

> (d) EFFECT OF DIVIDED VOTE IN CERTAIN CASES.—
> (1) Whenever, in any case calling for findings of the Commission in connection with any authority conferred upon the President by law to make changes in import restrictions, a majority of the commissioners voting are unable to agree upon findings or recommendations, the findings (and recommendations, if any) unanimously agreed upon by one-half of the number of commissioners voting may be considered by the President as the findings and recommendations of the Commission: *Provided*, That if the commissioners voting are divided into two equal groups each of which is unanimously agreed upon findings (and recommendations, if any) the findings (and recommendations, if any) of either group may be considered by the President as the findings (and recommendations, if any) of the Commission. In any case of a divided vote referred to in this paragraph the Commission shall transmit to the President the findings (and recommendations, if any) of each group within the Commission with respect to the matter in question.

H. R. 12591, as passed by the House made no reference to this question of divided votes, but did include a provision involving congressional participation when the President disagreed with the Tariff Commission. Presumably, in the case of a divided vote Congress could be precluded from such participation.

Inasmuch as the philosophy of affording to the Congress a procedure under which to act with respect to Tariff Commission recommendations could well extend to divided vote cases, the Finance Committee added clarifying amendments. A provision was included to the effect that in any case calling for the application of the divided vote provisions of section 330 of the Tariff Act of 1930, the findings and recommendations of the Commission for the purposes of congressional action, shall be the findings and recommendations of that group within the Commission which calls for the greatest measure of relief. The President is authorized to consider those findings and recommendations as the findings and recommendations of the Commission, and is required to specify in his report to the Congress which findings and recommendations afford the greatest measure of relief.

The Finance Committee accepted the section of the House bill relating to the national security, but amended it for the express purpose of strengthening and increasing its effectiveness. As was the purpose when the national security section was added in the 1955 extension of the act, the amendments are designed to give the President

unquestioned authority to limit imports which threaten to impair defense-essential industries. Section 8 of the bill as reported grants to the President a potentially fast-moving vehicle for guarding our national security in this respect.

The bill as reported provides that imports of an article, or its derivatives, must be adjusted unless the President finds that they are not entering in such volume as to threaten the national security, after the Director of the Office of Defense Mobilization has indicated such a threat exists. Language was further added directing attention and providing possible action whenever danger to our national security results from a weakening of segments of the economy through injury to any industry, whether vital to the direct defense or a part of the economy providing employment and sustenance to individuals or localities. The authority of the President is thereby broadened considerably, but the dangers inherent in an economy suffering from unemployment, declining Government revenue, or loss of skills, and investment because of excessive imports of one or more commodities, must be recognized and avenues provided whereby they may be lessened.

SECTION-BY-SECTION EXPLANATION OF THE REPORTED BILL

First section. Short title

This section states that the bill may be cited as the Trade Agreements Extension Act of 1958.

Section 2. Renewal of authority

The period during which the President is authorized to enter into trade agreements with other countries is extended for 3 years, until the close of June 30, 1961.

Section 3 (a) (1). Authority to increase rates

This provision, by changing the base date for computing permissible increases in duty from January 1, 1945, to July 1, 1934, permits the President to increase certain duties more than is permitted under the present law.

Section 3 (a) (2). Agreements to which the 1955 authority may be applicable

The reduction authority under the Trade Agreements Extension Act of 1955 is retained, just as that act retained the authority under the 1945 legislation. The operation of this authority is limited, by the bill as reported, to agreements entered into before July 1, 1958, and although this date has expired this amendment is necessary to provide a termination date for the 1955 authority.

Section 3 (a) (3). Valuation for ad valorem equivalents

This permits the use of the valuation provisions added by the recent Customs Simplification Act of 1956 or the earlier valuation provisions of the Tariff Act, whichever are applicable in determining ad valorem equivalents of specific duties. Some of the tariff duties are specific in nature, i. e., so many cents or dollars per pound, ton, gallon, or other specific measure. Others may be compound—i. e., a combination of specific and ad valorem duties. For trade agreement purposes

the President's authority may be measured in equivalent ad valorem percentages.

Section 3 (a) (4). Cross reference to new limits on reduction authority

The new overall limitation on the President's authority to reduce duties is summarized in section 3 (a) (8). A cross reference to this limitation is essential to the proper amending of the existing Trade Agreement Act.

Section 3 (a) (5). Effective dates of proclamations modifying existing rates of duty

Under existing law the President's authority to proclaim the effective date of duty changes is subject to staging provisions which limit the proportion of the authorized duty reduction that can be put into effect at one time. This adds a necessary cross reference to the new staging provisions.

Section 3 (a) (6). Authority to round out tariff reductions

The authority to round out new reductions in the extension of 1955 are continued. This rounding out tends to prevent complicated and minute fractions from encumbering the tariff structure.

Section 3 (a) (7). Renumbering of certain paragraphs

This is a technical change which merely renumbers certain new paragraphs.

Section 3 (a) (8). The authority to reduce tariffs and new staging provisions

(A) The President is authorized to reduce duties in carrying out trade agreements entered into on or after July 1, 1958, and before July 1, 1961:

(i) Fifteen percent below the rate existing on July 1, 1958.

(ii) Two percentage points below the rate existing on July 1, 1958; but no duty may be removed completely.

(iii) Any rate above the equivalent of 50 percent ad valorem down to an equivalent of 50 percent.

Although alternatives (ii) and (iii) are stated in terms of ad valorem rates, they would also apply to articles subject to specific rates or compound rates translated to equivalent ad valorem.

(B) New staging provisions: The maximum amount of reduction which may be put into effect in any one stage under each of the above alternatives is as follows:

Under (i): The decrease must not be made in more than 3 annual stages and no amount of decrease at 1 time shall exceed 5 percent.

Under (ii): The decrease shall become effective in not more than 3 annual stages and no amount becoming initially effective at 1 time shall exceed 1 percent, or one-third, whichever is greater.

Parts of the 15 percent authority under the 1955 act not put into effect during the life of the extension could not accumulate and be used later. This provision in the prior act has been continued by the committee amendment as relating to alternative (i). In other words the committee bill would prevent the use of the 15 percent authority or any part of it after the 3-year period ending June 30, 1961. The House bill would have allowed a carryover so that certain reductions could take effect after the expiration of extension of

authority. The Finance Committee did not require that reductions under (ii) and (iii) be put into effect before the end of the extension, accepting these provisions as written in the House bill.

Section 3 (b). Authority for Cuban negotiations

This amendment, in conformity with long-established practice, makes the new limits of authority summarized above specifically applicable to products of Cuba, a country accorded preferential rates. It would continue the present limited authorization to establish for Cuban products lower rates to the extent necessary to maintain existing margins of preference.

Section 3 (c). Definitions of duties "existing on" specified dates

This is a technical amendment which extends the present definition of the phrases "existing on January 1, 1945" and "existing on January 1, 1955" to cover similar phrases for the new base dates for computing increases and decreases.

Section 3 (d). Annual reports by the President on the operation of the trade agreements program

This amendment adds to the specific enumeration of matters to be included in the President's annual report to the Congress on the operation of the trade agreements program.

Section 3 (e). Information and advice from industry, agriculture, and labor

This amendment declares it to be the sense of the Congress that the President, during the negotiation of trade agreements, should seek information and advice from representatives of industry, agriculture, and labor.

Section 4 (a). Extension of time for peril-point investigations

The period for the conduct of peril-point investigations by the United States Tariff Commission is extended from the present 120 days to 6 months. Peril-point studies are made prior to negotiations for new trade agreements and provide the President with factual information and recommendations as to the lowest point duties on particular products can be reduced without causing or threatening injury to the industries producing them. The Tariff Commission may be called upon to make investigations of a large number of commodities at one time and a more complete study can be anticipated under the 6-month rule.

Section 4 (b). Escape-clause investigations if injury is found during peril-point investigations

A prompt initiation of an escape-clause investigation by the Tariff Commission is to follow if the Commission, during its peril-point studies, finds that an industry is threatened with injury by imports of a product which has before been the subject of a trade agreement. In the ordinary course of events, the industry in question would file an application for escape-clause relief; under the amendment the Commission would be required to institute an immediate investigation without waiting for a request from the Congress or the industry in any case where a peril-point study brought to light information indicating injury to an industry.

Section 5 (a). Employees may apply for escape-clause action

The term "any interested party" as included in the Trade Agreement Act would include any organization of, or group of, employees.

Section 5 (b). Decrease of time for escape-clause investigation (amending sec. 7 (a))

This amendment reduces the period for the conduct of escape-clause investigations by the Tariff Commission from 9 months after application for the investigation is made to 6 months after the application is made. Provision is made that this amendment shall apply only to applications made after enactment of this act.

Section 5 (c). Authority to impose duties on free-list articles under escape clause (amending sec. 7 by adding new sec. 7(f))

This amendment authorizes the President, notwithstanding the prohibitions in section 350 (a) (2) of the Tariff Act of 1930 relating to transfer of an article between the dutiable and free lists, to impose, in an escape-clause action only, a duty not in excess of 50 percent ad valorem on any article otherwise free of duty.

Section 6. Methods of putting into effect recommendations of the Tariff Commission in escape-clause cases

The action found and reported by the Tariff Commission in escape-clause cases to be necessary to prevent or remedy serious injury shall take effect—

(1) if approved by the President, or

(2) unless disagreed to by the President and this Presidential action is sustained by privileged concurrent resolution within 90 days by a majority of each House of Congress. In effect, the Senate and House of Representatives must approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. The adoption of the concurrent resolution must occur within the 90-day period following the date on which the President submits his report to the Committee on Ways and Means and to the Committee on Finance stating why he has not taken the action found and reportedably the Tariff Commission as necessary to prevent or remedy serious injury.

If the President submits his report to the Congress when the Congress is not in session, or less than 90 days before the adjournment of the Congress sine die, and no action is taken by the Congress prior to adjournment, then the adjustments in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission will not go into effect until 90 days after the Congress has reconvened and has not acted to support the President's recommendations.

Section 7. Rules of Senate and House with respect to certain concurrent resolutions under section 6

A set of rules is provided for the consideration of concurrent resolutions referred to in section 6 of the bill. The rules have the underlying purpose of permitting those in favor of such a resolution to get a vote on the merits within the 90-day period without parliamentary technicalities or filibusters.

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Subsection (a) expressly provides that these rules set forth in the bill are adopted in pursuance of the power of each House to make its own rules, that they apply only to concurrent resolutions which follow the precise form provided in subsection (b), that these rules are to be considered as a part of the rules of each House and supersede other rules only to the extent that such other rules are inconsistent with the rules stated in the bill. Further, the subsection expressly recognizes the constitutional right of either House at any time to change the rules set forth in the bill.

Subsection (b) contains the definition of "resolution" for the purposes of the rules. Since the rules have as one of their objectives the elimination of the necessity for a conference between the two Houses and, as another, the elimination of debate upon amendments, the exact form of the resolution to which such rules apply is set forth, with provision for appropriate changes to include divided vote cases. The resolution can specify only one investigation. A resolution departing from this form does not have the benefit of such rules, but if adopted within the 90-day period is just as effective under section 6 of the bill as one which follows the form.

Subsection (c) provides for reference of the resolution to the Committee on Finance or to the Committee on Ways and Means, as the case may be.

Subsection (d) provides a procedure for discharge of the committee. If the committee fails to report a resolution within 10 days after introduction (or receipt from the other House) a motion may be made to discharge the committee. The motion may relate to any resolution in the committee if the 10-day period has expired on one which is in the committee.

Such a motion may be made only by a person favoring the resolution. It is highly privileged. Debate on the motion to discharge is limited to 1 hour, to be equally divided. The motion cannot be amended, and no motion to reconsider will lie. If the motion to discharge is agreed to, or disagreed to, it cannot be renewed nor may a motion be made to discharge the committee from consideration of any other resolution relating to the same investigation which is in the committee. Failure of the motion to discharge does not prohibit the committee from reporting a resolution thereafter and has no effect on the status of a resolution not following the prescribed form.

Subsection (e) provides for the consideration of the resolution. If the committee has reported or been discharged from consideration of a resolution relating to an investigation, it is in order, at any time, for any member to move to proceed to the consideration of the resolution. That motion may be made at any time and even if a previous similar motion has been lost. The motion to consider is highly privileged, is not debatable, and may not be amended, and no motion to reconsider will lie. Debate on the resolution is limited to not to exceed 10 hours, equally divided. A motion to limit debate is not debatable, and a motion to extend debate will not lie. No amendment to the resolution, or motion to recommit it, is in order and no motion to reconsider the resolution will lie.

Subsection (f) provides for decision without debate on all motions to postpone with respect to a resolution and on motions to proceed to other business. It also provides that appeals from decisions of the

Chair under these rules and the other rules of the body shall, insofar as they relate to such resolutions, be decided without debate.

Subsection (g) provides for the case where a resolution is received from the other House. Thus, assume the case where the Senate receives from the House a resolution prior to the adoption of a Senate resolution relating to the same investigation: If no Senate resolution has been referred to committee, only the House resolution may be made the subject of a motion to discharge. If a Senate resolution has been referred to committee, any Senate resolution may be made the subject of a motion to discharge, or may be reported, just as if no House resolution had been received. On any vote on final passage, however, the House resolution is substituted for the Senate resolution.

Section 8. The prevention of threats to national security

This provision contains several modifications of, and additions to, the provision in the Trade Agreement Act relating to national security. Under it, no action shall be taken to decrease the duty on an article if the President finds such reduction would threaten to impair the national security. This strengthens the existing law which requires that no action be taken which would threaten domestic production needed for projected national defense requirements.

A number of modifications are made in the provision enacted in 1955 which provides that the President must take action to prevent imports from impairing the national security, following advice from the Director of the Office of Defense Mobilization that there is reason to believe that the national security is being threatened by imports. The committee amended the House bill to provide that when the Director has advised the President that he is of the opinion that the said article is being imported in such quantities or under such circumstances as to threaten to impair the national security, the President shall take the needed action unless he finds that the imports of the article are not being imported in quantities which threaten the national security. The House bill was thereby strengthened in this respect.

Under the bill as reported the Director is required to institute an investigation upon the request of an interested party or upon his own motion. It is specified that in such an investigation he shall seek information and advice from other departments and agencies. If in his opinion, the national security is being impaired as set forth in this section, he shall promptly so advise the President and the President must take action unless he finds that the national security is not being so impaired. A new provision eliminates the requirement in existing law that the President cause an investigation to be made following his receipt of the advice of the Director.

The amended provision specifies certain matters, without excluding others, to which the Director and the President shall give consideration, including domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense. Also to be considered are the requirements of growth of industries and related supplies and services, including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those

factors affect domestic industries and their capacities to supply national security requirements.

In order to further strengthen the section, the Finance Committee added language so that adjustments in imports which may threaten the security must be made in the derivatives of raw materials or products as well as in the materials or products themselves. The need for such additional language is obvious, for a limitation of the materials alone would serve only to spur the importation of the finished or semi-finished products which are, in the final analysis, the very items most essential to the defense of the country.

Another important strengthening amendment was added to the bill by the Finance Committee. This amendment would direct the President, in the administration of the national security amendment, to recognize that the country's national security is tied closely to its internal economic welfare. The President is to take into consideration the impact of foreign competition on the economic welfare of individual domestic industries and give attention to unemployment, loss of skills, decreases in revenue to the Government, State and Federal, and to other serious effects resulting from the displacement of domestic products by excessive imports.

A great deal has been said about the large numbers of workers dependent on foreign trade but the committee was unable to uncover any information as to the overall displacement of workers as a result of imports of commodities that otherwise might have been produced domestically. This is one problem the Commission on International Trade Agreement Policy is to look into. In the meantime, there is convincing evidence that in certain areas, in segments of vulnerable industries, and across the Nation as a whole, excessive imports have caused unemployment and otherwise weakened the economy which is in itself a vital part of our national security. This amendment has as its aim the maintenance of a strong internal economy as an integral part of our national security.

A report by the Director on or before February 1, 1959, regarding the administration of the national security provision is required and in the preparation of such report, an analysis is to be made of the nature of projected national defense requirements, the character of possible emergencies, the manner in which the capacity of the economy can be judged, along with other related matter.

It is specifically stated that the new amendment is not to affect actions or determinations made before the enactment of the present amendment.

Section 9 (a) and (b). Extension of subpena powers of the Tariff Commission (amending sec. 333)

The Tariff Act of 1930 is amended to provide that the existing powers of the Tariff Commission to obtain information by subpena and related powers shall apply to any investigation by the Commission authorized by law, and to expand such powers to include the obtaining of information in writing. This will assist the Commission in obtaining replies to questionnaires in escape-clause and other investigations.

Section 9 (c). Authority of Tariff Commission to adopt procedures, rules, and regulations (amending secs. 336 and 337 and adding new sec. 335)

This amendment deletes from the provisions of the Tariff Act relating to cost-of-production investigations (sec. 336) and unfair competition investigations (sec. 337) specific provisions for the issuance of rules in such investigations. It adds to the Tariff Act of 1930 a new section (sec. 335) authorizing the Commission to adopt such reasonable procedures, rules, and regulations as it deems necessary to carry out its functions and duties.

Section 10. Enactment not approval or disapproval of General Agreement on Tariffs and Trade

Section 10 of the bill provides that the enactment of the bill (the Trade Agreements Extension Act of 1958) shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Section 11. The creation of a bipartisan commission to study and report on past, present, and future trade agreement policy

So that the Congress may more fully be acquainted with the many facets of the intricate and complicated pattern of the operation and results of trade agreement policy, the Finance Committee added an amendment at the end of the bill setting up a commission to study and report on that principle. The self-explanatory language of that amendment is as follows:

> SEC. 11. (a) There is hereby established a bipartisan commission to be known as the Commission on International Trade Agreement Policy.
>
> (b) (1) The Commission shall be composed of nine members as follows:
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> (A) three appointed by the President of the United States none of whom shall be from the executive branch of the Government;
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> (B) three appointed from the Finance Committee of the Senate by the Vice President; and
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> (C) three appointed from the Committee on Ways and Means of the House of Representatives by the Speaker of the House of Representatives.
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> (2) No more than two members from each class shall be from the same political party.
>
> (c) The Commission shall elect a chairman and vice chairman from among its members.
>
> (d) Six members of the Commission (including at least four who are Members of Congress) shall constitute a quorum.
>
> (e) (1) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(2) The members from private life shall receive not to exceed $75 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

(f) (1) The Commission may appoint such personnel as it deems advisable, without regard to the civil service laws, and shall fix the compensation of such personnel in accordance with the Classification Act of 1949, as amended. The Commission may procure temporary and intermittent services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C., sec. 55a), but at rates not to exceed $75 per diem for individuals. The Commission may reimburse employees, experts, and consultants for travel, subsistence, and other necessary expenses incurred by them in the performance of their official duties and make reasonable advances to such persons for such purposes.

(2) Except for members of the Commission appointed by the Vice President or the Speaker of the House, service of an individual as a member of the Commission, employment of an individual pursuant to the first sentence of paragraph (1), and service by a person pursuant to the second sentence of paragraph (1), shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284, of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

(g) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this section.

(h) (1) On or before June 30, 1959, the Commission shall make a preliminary report of its findings to the President and to the Congress; and on or before June 30, 1960, the Commission shall make a final report of its findings and recommendations to the President and to the Congress.

(2) Ninety days after the submission to the Congress of the final report provided for in paragraph (1) the Commission shall cease to exist.

(i) (1) The Commission is directed to investigate and report on the international trade agreement policy of the United States and to recommend improvements in policies, measures, and practices.

(2) Without limiting the general scope of the investigation the Commission shall consider and report on the following matters:

(A) the number of labor hours lost by expanded imports through concessions granted in trade agreements, as balanced against the increased labor hours resulting from expansion of exports through concessions received from foreign countries;

(B) the effect of tariff reductions under past trade agreements on small and local industries;

(C) what industries may become vulnerable and what industries would not be vulnerable to decrease of employment and production if present trends of foreign competition continue;

(D) the possible effect of the exportability of American capital (whether direct or by private or governmental loans), equipment, and technical experience into other countries;

(E) the extent to which the products of such exported facilities have entered the American market or otherwise affected American production and employment;

(F) the extent to which the United States has used up its bargaining margin, including the extent to which tariff rates have been reduced and potential future reduction;

(G) the possibility of a reduced rate of exports due to more rapid inflation of the cost of labor, materials, and other elements of production in the United States than in foreign countries; and

(H) the desirability in special cases of employing quotas rather than tariff adjustments.

(j) (1) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, shall have power to hold hearings and to sit and act at such times and places, within the United States or elsewhere, to take such testimony, and to make such lawful expenditures, as the Commission or such subcommittee or member may deem advisable.

(2) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this section; and each such department, agency, and instrumentality is authorized to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

INDIVIDUAL VIEWS OF SENATOR PAUL H. DOUGLAS

If the bill reported out by this committee is enacted into law, it will mean the virtual abandonment of the reciprocal trade program which was started by Cordell Hull in 1934. Under that program, the United States and its foreign trade have prospered.

But signs of retreat from it began in 1948 when the Republican-controlled 80th Congress inserted the peril-point requirement into the renewal of the act. While this was eliminated in 1949, following the shift of political power in the elections of the previous year, it was restored in 1951 and the escape clause was also written into law as the political pendulum swung partially in the direction of the Republicans. In 1955, the Reciprocal Trade Act passed the House by a very narrow margin and Secretary of the Treasury Humphrey, even before a vote, agreed to a weakening of the bill in the Senate by the insertion of a national security clause and by a broadening of the escape clause.

Now it is again up for renewal.

During these last 5½ years, the Eisenhower administration—despite its professed belief in expanded international trade—has steadily packed the Tariff Commission with protectionists until it has become a citadel of that faith. This has naturally made the Commission popular with the advocates of protection. They therefore would greatly like to increase the powers of that body and to decrease those of the President.

During this same period, moreover, the economic drive for protective tariffs and quotas has gained ground. The spread of textile manufacturing into the South has transformed many hitherto low-tariff areas into protectionist strongholds. Similarly, the importation of low-cost Venezuelan oil has strengthened the protectionist forces within the oil- and coal-producing States. The rapidly growing and powerful chemical industry has also thrown its weight on the protectionist side while the recent fall in the prices of lead, zinc, and copper has inclined these industries and the States where these nonferrous minerals are mined in the same direction. The ranks of the protectionists have also been swollen by the addition of a number of miscellaneous industries. All this has increased the opposition to reciprocal trade both within the Democratic Party and the country itself.

The formation of the European Customs Union, better known as the Common Market, has, on the other hand, increased the need for further tariff bargaining by us in order to reduce the differential disadvantage which our exports to free continental Europe will suffer as the national tariffs of the member countries relative to each other are reduced and ultimately abolished, while their external tariffs relative to us are maintained at their present average.

It is to the credit of the administration that some within its ranks have realized the importance of this new factor and have sought to

renew the Reciprocal Trade Act on meaningful terms. It was obvious that it would be hard to continue the program in any real sense unless its sponsors showed real determination and a fighting spirit.

Unfortunately, however, the administration began to retreat before a shot was fired and partially surrendered before the battle was opened. Hitherto, the power of the President to increase duties under the escape clause and upon recommendation of the Tariff Commission had been limited to 50 percent above the 1945 level. Since these tariffs amounted on the average to about 13 percent, there was a possibility of tariffs being raised to an average of around 20 percent.

But the administration voluntarily proposed that the new maximum should be 50 percent above the tariff schedules in effect on June 30, 1934. The significance of that date lies in the fact that the Hull program of reciprocal trade had not then gone into effect and that we were instead operating under the Smoot-Hawley-Grundy Act of 1930. This was the highest tariff in American history with average rates of 52 percent.

To give administrative officers the power to raise duties 50 percent above these high levels created the possibility that the act could be turned into an instrument for restrictive rather than expanded trade.

But if the administration thought it would assuage the protectionists within and without its own ranks, it was sadly mistaken. So a further concession was made by the House Ways and Means Committee. This provided that goods which were bound on the free list could be taken from it and then loaded down with duties of up to 50 percent. Then to neutralize the opposition of the mining States, a 5-year subsidy amounting to over $400 million ($155 million the first year) on copper, lead, zinc, fluorspar, and tungsten was proposed and put through the Senate.

Thus, the new negotiation authority was granted only after additional protective measures were added to the bill. But the Senate Finance Committee bill has now all but ended the authority to negotiate and has also extended the protective features to ruinous proportions and virtually assures increases of tariffs to new alltime highs. This is no compromise at all between conflicting American high and low tariff interests, and if the bill is not significantly changed by action on the Senate floor or in conference committee, it should be defeated. It is worse than no bill at all.

HOW THE AUTHORITY TO NEGOTIATE IS DENIED

The Senate bill extends the act for only 3 years instead of 5 years. Even more important, it reduces the authority to negotiate. The House bill provides an authority to reduce tariffs by 25 percent to be used over a period of 5 years, with no more than 10 percent of that authority to go into effect in any one year, and with authority to carry over the unused portion and to put it into effect by gradual stages. In the Senate version, this authority is not only reduced to 15 percent over 3 years, but it is stated that no more than 5 percent may be used in any one year and the ability to carry over any authority not used up in each year is denied. Further, under the Senate amendments, not only must the authority be used in any one year but if all the authority is to be used, the agreements must be signed, sealed,

and go into effect in the first year or otherwise the authority is pared down in each succeeding year.

This 15 percent, no carryover authority is almost useless and essentially kills the tariff-lowering features of the Reciprocal Trade Act.

In the first place, under the bill, before negotiations can begin, the President must now give a 6-month peril-point notice—rather than the existing 120 days—of the particular items which he has any intention of using in negotiations. Second, about half of present American tariff rates are at 10 percent or below. Another 20 to 30 percent of the rates are between 10 and 20 percent. The duties on 70 to 80 percent of dutiable items, therefore, are below 20 percent. Consequently, 5 percent of an existing 20 percent rate is 1 percent, and would bring a reduction from only 20 percent to 19 percent. Therefore, the 15 percent over 3 years, and 5 percent per year authority is really no authority at all, for (1) it would be almost impossible even to begin negotiations in the first year or to finish them in the third year, and (2) we would have no chips to bargain with to get European and other rates reduced on our exports when we could reduce our rates by only such minor amounts. We would thus be handicapped because of inadequate bargaining power.

Therefore, for all practical purposes, the Senate version of the bill means no significant tariff reductions and probably no reductions at all. This, of course, delights the protectionists.

WHY THE 5-YEAR 25-PERCENT AUTHORITY IS IN THE SELF-INTEREST OF THE UNITED STATES

The major reason we need the full 5-year, 25-percent authority lies in the fact that arrangements under the European Common Market—Germany, France, Italy, Holland, Belgium, and Luxembourg—and the European free trade area—Britain, Scandinavia, and most all of the other free European countries—are now coming into effect.

In the next 4 to 5 years, the 6 Common Market countries will lower their tariff barriers to each other by 30 percent in 3 stages of 10 percent. This means an automatic disadvantage to the United States for with lower rates between and among the 6 it will be to the advantage of the Germans, for example, to buy from France, Italy, or Benelux, rather than from the United States. The United States will suffer an automatic comparative disadvantage within the Common Market as these reductions take place. Failure to bargain will not preserve the status quo but will automatically put our exports at a disadvantage.

Affected by these Common Market arrangements are some $3.2 billions of American goods, or almost 20 percent of all United States exports if we use the 1957 figures. Combined with the free-trade area, these arrangements will affect almost 30 percent of our exports, or $5.3 billion per year.

The 6 Common Market countries alone received in 1957, 36 percent of all our exports of oil and oilseeds, 22 precent of our tobacco exports, 34 percent of all our raw cotton exports, 30 percent of all our exported aircraft, 20 percent of all our manufactured and synthetic rubber exports, and huge quantities of grains, foodstuffs, textiles, wood and paper products, and iron and steel mill products, to name only a few.

Nothing could be more damaging to the American economy and American industry than for us to be gradually shut out of these markets. This will happen automatically unless the United States has adequate bargaining authority.

At the same time that the six countries lower their internal barriers to each other by 30 percent, they are to erect by stages a single comprehensive external tariff for the entire area against outside products. This new common external tariff is to be at the arithmetical average level of existing rates. Thus, on balance, it will be at existing levels although levels for individual products will go up or down to meet the arithmetical average of existing tariffs on individual products of the six nations.

The only way American exports can compete in this market is if the United States has the authority to negotiate to get this common external tariff lowered at the same relative rate as the internal tariffs are lowered, or by 30 percent in the first 4- to 5-year period.

On January 1, 1962, the first stage of this common external tariff goes into effect. Negotiations between the six and the United States and other countries will begin in early 1961. Therefore, negotiations on this matter of vital importance to the United States will only take place from the middle of the third year to the middle of the fourth year of a new 5-year extension of the Reciprocal Trade Act. (See chart for timetable.) In the bill as passed by the House, the entire 25 percent authority could be used in these negotiations. No part would have expired.

The 3-year, 15-percent provision of the Finance Committee, with no more than a 5-percent reduction per year, would be ruinous to the self-interest of the United States. In fact, it is difficult to comprehend how the self-interest of the United States could be harmed more than it is by this provision of the Senate bill.

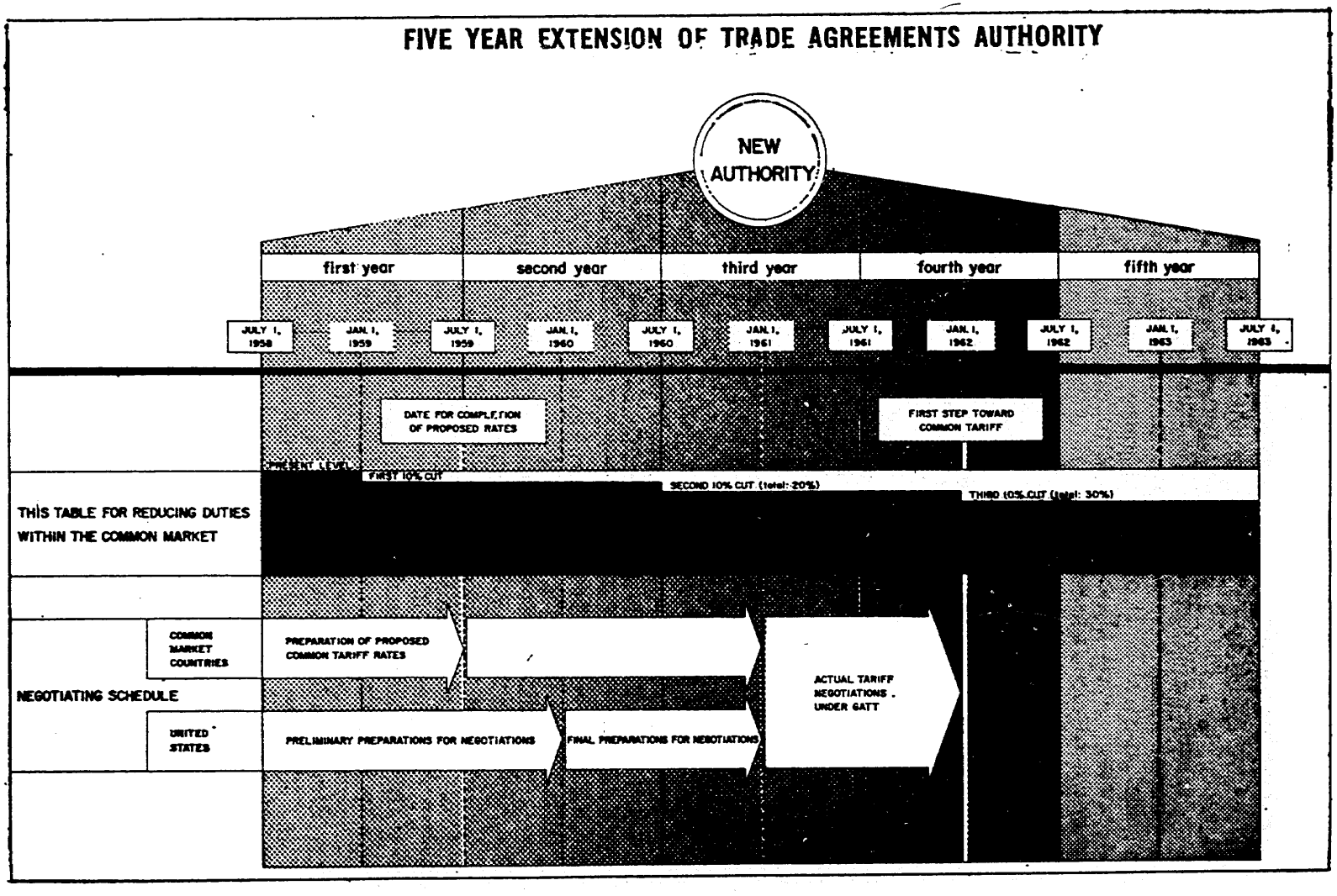
It is wholly inadequate because:

(1) United States negotiators would have to return to Congress for new authority right in the middle of the negotiations. This would be a tremendous disadvantage to the United States and of great advantage to the Europeans.

(2) The United States would have left only 5 percent of even the 15-percent authority when we went to the bargaining table in the third year. Further, this would have to be used up and actually go into effect halfway through the negotiations or it would be lost forever.

(3) The United States actually needs a 30-percent authority if we are to match the internal reductions of the 6 Common Market countries. With only 5 percent of our authority left in the third year when the bargaining begins, United States exports would suffer an increasing disadvantage in the European market.

Of course, all of this assumes that the Europeans would, in fact be willing to negotiate. However, if the Senate bill should become law, it is more likely that there would be no negotiations and that the Europeans would concentrate on their own internal development at the expense of trade with the United States.


FIVE YEAR EXTENSION OF TRADE AGREEMENTS AUTHORITY
NEW AUTHORITY
first year
second year
third year
fourth year
fifth year
JULY 1, 1958
JAN. 1, 1959
JULY 1, 1959
JAN. 1, 1960
JULY 1, 1960
JAN. 1, 1961
JULY 1, 1961
JAN. 1, 1962
JULY 1, 1962
JAN. 1, 1963
JULY 1, 1963
DATE FOR COMPLETION OF PROPOSED RATES
FIRST STEP TOWARD COMMON TARIFF
PRESENT LEVEL
FIRST 10% CUT
SECOND 10% CUT (total: 20%)
THIRD 10% CUT (total: 30%)
THIS TABLE FOR REDUCING DUTIES WITHIN THE COMMON MARKET
NEGOTIATING SCHEDULE
COMMON MARKET COUNTRIES
PREPARATION OF PROPOSED COMMON TARIFF RATES
UNITED STATES
PRELIMINARY PREPARATIONS FOR NEGOTIATIONS
FINAL PREPARATIONS FOR NEGOTIATIONS
ACTUAL TARIFF NEGOTIATIONS UNDER GATT

What is so amazing about the Finance Committee amendments is that those groups which support them are the ones which are generally most vociferous in their assertions that foreign countries always get the better of the United States in negotiations. Yet the effect of the action which they support will be, in the best event, to give the European producer a tremendous advantage over the United States producer in the new European market.

The 25-percent authority in the House bill, with its carryover provision, would put us at least close to parity with the 30-percent bargaining weapons of the Europeans; while the Senate 3-year, 15 percent and 5 percent per year, no carryover authority sends our negotiators into battle with the Europeans with almost no weapons and with both hands tied behind their backs.

At a minimum, the United States needs the full 5 years, the full 25 percent, and the carryover provisions of the House bill so that any bargains we get or give can be put into effect by stages over time rather than all in 1 year.

Two other points should be noted here. One is that with less authority to reduce rates, in any bargaining situation the United States will have to reduce the rates on a greater number of products to compensate for the lack of authority to reduce any one rate significantly.

The second point is that with the likelihood that under the Senate committee version of the bill there will be numerous successful escape-clause proceedings, much or most of the very limited authority would be used in compensating other countries for concessions which we withdrew under the escape-clause proceedings. It is, therefore, very doubtful that any significant bargaining could occur under these provisions.

WHY THE SENATE ESCAPE-CLAUSE PROVISIONS WOULD RUIN THE RECIPROCAL TRADE PROGRAM

While the 3-year, 15-percent authority amendments virtually deny the ability to lower tariffs, the escape-clause provisions of the Senate bill greatly expand the methods by which tariffs may be increased, and increased to levels as much as 50 percent above the highest levels in our history.

Under the bill as it now stands, a Tariff Commission finding of injury now becomes more likely than before. In addition, by the new escape-clause amendment, it is made almost inpossible for an *elected* President and an *elected* Congress to reverse such a finding and which may well be a finding of as few as 3 of the 6 *appointed* members of the Tariff Commission.

Under the new escape clause, a Tariff Commission finding becomes final unless the Presiden disapproves and both House of Congress—by majority vote within 90 days—pass—resolutions *supporting* the President. The full weight of any inaction is thus thrown on the side of protection and in favor of the Tariff Commission as compared with the President.

Further, under the new amendment, tie votes of the six-man *appointed* Commission become findings of injury, and if there is a finding of injury and a divided vote on the recommended remedy, the "recommendations of that group within the Commission which recommends the greatest measure of relief" shall go into effect unless over-

ruled by the President and both Houses of Congress. Thus, the Commission may find injury by a 3–3 vote and the greatest measure of relief recommended even by less than a majority shall go into effect.

These provisions, in conjunction with existing escape-clause provisions in both past and present legislation, would make it almost impossible to upset a Tariff Commission finding.

Consider the following. First, the Tariff Commission must only consider by law the narrow question of injury or threat of injury. Further, these can be considered for specific products and sections of industries. In addition, it may find injury even though there is only a relative rather than any absolute injury. The Commission by law can consider no other factor than injury, the threat of injury, or relative injury and cannot consider what effects its recommendations would have on the American consumers, on other sectors of our economy, on our foreign relations, on our treaty obligations, or whether the withdrawing of concessions by other countries would seriously injure American exports, the status of delicate negotiations, or even on balance whether a finding of injury would do more harm than good.

The Tariff Commission is therefore to consider only the most narrow questions of economic injury to specific producing groups. It is not to consider at all whether this action may result in significantly higher prices to housewives and consumers. It does not consider that this may result in immediate and even drastic retaliation upon American exporters. It is for all of these reasons that the President must have adequate authority to review and reject Commission findings and recommendations based on such narrow grounds.

In addition to all this, the Tariff Commission, under the present bill, has new authority to recommend relief by increasing rates to a level 50 percent above the 1934 levels rather than the 1945 levels. As the 1945 levels of tariffs were about 13 percent on the average, and as the 1934 levels were about 50 percent on the average, this means the Commission can, as I have already pointed out, recommend raising rates not by 50 percent above existing levels, or from about 13 percent to 20 percent, but by 50 percent above the 1934 levels. Further, these levels can be recommended by less than a majority of the Commission and yet become effective.

In fact, a situation could well occur where the President, because of foreign policy reasons, would disapprove of a Commission finding and where the Senate, for equally persuasive reasons of foreign policy, would uphold the President only to find that the House of Representatives would fail to sustain the President. In such a case, the President and Senate—which have jurisdiction over matters of foreign policy—would be denied their right to exercise this jurisdiction by a House of Congress which has no such primary jurisdiction.

In practice, under the new escape clause, the findings of the Commission would almost always become final. The possibilities of delay in getting a resolution through committees in both Houses, the discharge procedures which would have to be invoked if the committees failed to act, and the delays in getting passage in both Houses in the face of vocal but minority pressures, are almost too numerous to mention. Anyone who has studied the rules of the Senate knows that discharging a committee is a most unusual practice, is seldom used, and is even less often successful.

One final point should be made concerning this escape-clause section. The bill provides that action must be taken in 90 days. If the President disapproves a Tariff Commission recommendation less than 90 days before the end of a session of the Congress or while the Congress is adjourned, the matter is carried over until the beginning of a new Congress and must then be acted upon in 90 days. Under the new escape-clause provision of the bill, there will certainly be more escape-clause recommendations than in the past. Further, because of this carryover provision, a large proportion of them will normally be acted on during the first 90 days of a new Congress or a new session of a Congress. This offers numerous logrolling possibilities where one group of protectionist interests can join with several other groups to form a majority so that no single escape-clause recommendation may be overruled. This would return us to the days of tariff logrolling which were among the sorriest chapters in our history.

The Senate, if it does not delete this provision altogether, should at least return to the House version of the bill which provides that if the President disapproves of a Tariff Commission finding, the President's views can be overturned by a vote of two-thirds of each House.

This would retain Presidential review but it would permit the Congress to override the President by a two-thirds vote in the same manner that the Congress can override the President on legislative matters.

THE NATIONAL SECURITY AMENDMENT

In 1954 extension of the Trade Act provided that no trade agreement reduction in duty shall be made if it would threaten domestic production needed for projected national defense requirements. In 1955, the act was amended to provide a procedure for investigation and action by the President if he agrees with the Director of the Office of Defense Mobilization that any article is being imported in such quantities as to threaten to impair the national security.

This national security section was never meant to be an alternative to escape-clause relief. Its purpose was to avoid a threat to the national security through imports. The question of injury, while it might be a factor in the consideration, was not the object of the provision as such. As the House report states—

> The interest to be safeguarded is the security of the Nation, not the output or profitability of any plant or industry except as these may be essential to the national security.

By amendment the Senate has changed the nature and intent of this section. The national security amendment sets up an implicit syllogism which states, in effect:

1. The economic welfare of the country affects national security.
2. Any industry which is injured by imports weakens the economic welfare of the country.
3. Therefore, injury to a domestic firm or product, or unemployment, or a decrease in Government revenues, loss of skills or investment, affects the national security.

This really means that virtually every industry or product can qualify as a national security industry.

Acceptance of this amendment would mean an overlapping of the functions of the Tariff Commission, under the existing escape clause, and the Office of Defense Mobilization, under the national security amendments. It would put unneeded and unnecessary burdens on the Office of Defense Mobilization which has many more important functions to carry out in the field of our vital national security. It would give domestic industries two avenues for relief and would bring an unending number of cases and disputes before both bodies. When one considers examples of cases which have gone before the Tariff Commission in escape-clause proceedings, and when one considers that these industries would now, by definition, be considered to be national security industries, the folly of this amendment can be seen. For example, the industries producing the following products or articles, which have sought escape-clause relief in the past, could now seek relief as national security industries:

spring clothespins
wood screws
blue-mold cheese
ground fish
glacé cherries
bonita and tuna
ground chicory
coconuts
pregnant mares' urine
household china tableware
chalk whiting
woodwind musical instruments
metal watch bracelets
rosaries
mustard seeds
wool gloves and mittens
glue of animal origins and inedible gelatin
hardwood plywood
red fescue seed
dressed rabbit furs and fur skins, not dyed
cotton pillowcases
certain jute fabrics
wool felts, nonwoven
garlic
women's fur felt hats and hat bodies
hatters' fur
dried figs
tobacco pipes and bowls
screen printed silk scarves
scissors and shears
alsike clover seed
ferrocerium (lighter flints)
toweling of flax, hemp or ramie
velveteen fabrics
violins and violas
straight pins
safety pins
stainless steel table flatware
umbrella frames
clinical thermometers
handmade blown glassware
watches
motorcycles and parts
bicycles and parts
cotton carding machinery
lead and zinc
fluorspar
para-aminosalicylic acid

This list is the complete list of items or articles for which escape-clause action has been sought in the 10 years since the escape clause has been in operation. It excludes duplicate items together with 18 items which were withdrawn either at the applicant's request or by the Commission after preliminary investigation. At best only a very few of these 48 products or articles could conceivably be considered to have any direct effect on national security and for some of these, lead and zinc, and fluorspar, for example, it is now proposed that they be subsidized by the Federal Government.

WHY WE SHOULD CONTINUE TO MOVE TOWARD FREER TRADE

I do not want merely to stress the gross weakness of the committee amendments. There is also need for the Congress and the public to realize more fully the great positive advantages of broader international trade. These advantages are both economic and political in character and would be largely lost if the committee amendments were to be finally adopted. For there can be no doubt that if this happens not only will the downward movement of tariffs be stopped but that under inevitable protectionist pressure they will be increased.

The great economic advantage of broader international trade is that it permits goods to be produced in those areas where they can most advantageously be turned out. Each nation can specialize on those articles which it can produce best and then can exchange these articles for others in which other nations excel. A greater total output of goods and services is thus obtained than if each nation were to become self-sufficient and used its labor and capital on articles where it was comparatively less efficient. The people of all countries therefore gain from the international division of labor which is fostered by low tariffs and an international market. For as Adam Smith pointed out nearly two centuries ago, the division of labor is limited by the extent of the market. We in the United States already have the great advantage of the largest free internal market in the world whereby goods can move from one State to another with comparatively little hindrance. As a result we have geographic specialization and a minute division of labor. While no one proposes that all tariffs between nations be abolished, it is certainly true that a mutual lowering of such barriers would permit us to share more fully in the increased production which such a further extension of the market would bring.

It is extraordinary that protectionists do not realize how much of our prosperity is based upon our huge internal market and that further gains could be made by extending it. These gains would come from our having a comparative advantage in certain industries as well as a positive advantage in others. An increase in protection would force us to withdraw some labor and capital from industries where they are more efficient, to those where they are less efficient. It would increase the cost of living to consumers, which is already too high, while a reduction in tariffs would help to lower prices.

We should further recognize that if we restrict imports into this country, whether by quotas or tariffs, we automatically and correspondingly restrict our exports to them. The sales which other nations make to us furnish them with the means to buy from us. This used to be effected indirectly by gold movements and changes in the price levels. Thus as we cut down on our imports, foreign countries had to send us gold for our exports which raised our price levels and lowered theirs. This meant that our exports were produced at higher costs and were sold abroad at lower prices and hence were reduced in volume.

In these days of the dominance of dollar credits in international trade and exchange, the connection between exports and imports is even more direct. If, by tariffs and quotas, we reduce our imports, we make available to other countries a smaller quantity of dollars which they can use to buy our goods.

Thus, if we restrict the importation of textiles, chemicals, fuel oil, minerals, glassware, pottery, etc., we will automatically decrease our exports of raw cotton, tobacco, wheat, soybean oil, farm and earth-moving machinery, electrical equipment, automobiles, trucks, etc. We will destroy as many jobs as we will create and will turn our energies into less productive channels. Moreover, if we start raising our tariffs and imposing quotas, we can be sure that other nations will soon follow suit and will discriminate against our goods. The Smoot-Hawley tariff of 1930 caused other countries to indulge in retaliatory reprisals against us and the bill in its present form would have a similar effect.

THE POLITICAL BENEFITS OF BROADER TRADE

Trade tends on the whole to unite countries in a mutuality of interests. It thus builds friendship by developing complementary cooperation. Now that we are in a worldwide struggle with Soviet imperialism, we need to have the other nations of the free world on our side. Similarly, they need us. It would be the height of folly for Congress to drive an economic wedge between them and us by passing the bill in its present form. For that would still further fragmentize the free world and make united action more difficult. We have already done a great deal of damage by restricting the flow of Canadian oil into the west coast and by forcing Japan to impose informal quotas on textiles. The further adoption of such a policy is indeed likely to drive Japan into the arms of Red China. For if we prevent Japan from trading with us, virtually the only market left for her will be in China. But we may be sure that Red China will only permit Japan to do this if Japan in turn agrees to weaken her political ties with us and to move over toward and ultimately into the Communist orbit. In their blindness, the protectionists, whose patriotism we do not doubt, will therefore unwittingly but surely weaken the defenses of the free world and hence of ourselves.

SOME OBJECTIONS CONSIDERED

I am well aware of the objections raised against the reciprocal trade program. It is said we have not received any real concessions in return for those which we have made. The record of the hearings refutes this by giving a detailed list of examples of the concessions we have obtained which fills six pages in fine type (pp. 903–908).

Then it is argued that wages in foreign countries, notably the Orient, are so much lower than ours that they can undersell us even when their physical output per man-hour is less. This danger, it is said, is heightened by the fact that our machines and scientific know-how can be exported to those countries and used to undersell products in the American market.

There is something to this contention but not nearly as much as is claimed. In the first place, gold has not been completely insulated from affecting the domestic price levels and thus imports of this type would bring about an outflow of gold which would raise prices and costs in the exporting countries. Wholesale prices in Japan, for example, rose 50 percent between 1950 and 1957 as compared with an increase in the United States of only 14 percent. Fluctuations in

exchange rates would also be a compensating factor. Furthermore, the growth of trade unionism and of protective labor legislation in the countries in question will gradually raise wage costs per unit of output and put prices more on the basis of comparative efficiencies.

These compensatory factors will take time to operate, but it should always be remembered that any reduction in tariffs will be gradual and that transportation costs will always be an added cost which imported goods will have to pay and hence will be a form of national protective tariff.

SUMMARY

There is therefore every reason why we should push forward on a meaningful extension of the reciprocal trade program. To do so will help American consumers and the Nation and will improve our position both economically and politically.

The committee amendments should therefore be rejected and the power of the President to raise duties under the escape clause be made no greater than that which he now possesses.

PAUL H. DOUGLAS.

MINORITY REPORT

We are opposed to renewal of the 1934 Trade Agreements Act which expired June 30, 1958.

If the act is not renewed all existing multilateral and bilateral trade agreements to which the United States is a contracting party are subject to termination.

Multilateral agreements made through GATT, the General Agreement on Tariffs and Trade in which 36 foreign nations participate in Geneva, Switzerland, can be terminated in 60 days upon our Government giving notice to the Secretary General of the United Nations.

Bilateral agreements can be terminated 180 days after either the United States or the participating foreign country gives notice to the other party of its intention to terminate the agreement.

When these agreements are terminated the United States Tariff Commission, a bipartisan agent of Congress, will have authority to adjust duties or tariffs on all products on the basis of the equalization of the costs of production principle between the United States and the "principal competing country" on each product.

American producers of raw materials or manufactured goods will then have equal access to the American market because the Tariff Commission, under the law, will adjust tariffs on a flexible basis to make up the difference between wages and costs of doing business here and the wages and costs of producing like or similar goods in the chief competing foreign country.

American workingmen and investors will then be back in business.

America's 5½ million unemployed who have lost their jobs because of import competition from low-wage, low-tax, foreign countries, will then return to work.

America's investors will then, for the first time in 24 years, have some assurance that their investment in productive American enterprises will not be wiped out by destructive import competition brought about by some trade agreement negotiated through GATT or bilaterally by the State Department. An industry cannot be destroyed to further a foreign policy.

America's economy will then be restored.

During the 24-year life of the Trade Agreements Act the United States has been involved in 2 foreign wars.

Our Federal public debt has increased from $27,053,141,414 to $276,013,439,621 as of June 30, 1958, the end of the fiscal year.

Effective individual income-tax rates have multiplied seven times.

Our foreign trade has been maintained by supplying foreign countries with more than $125 million extracted from the taxpayers and made available to foreign governments to use in buying American products.

Tariff duties on total imports, both free and dutiable, have been reduced from 18.5 to 5.9 percent.

Tariff duties on the total value of dutiable imports have been reduced from 50 to less than 12 percent.

Foreign countries during the 24 years that the Trade Agreements Act has been in operation, have multiplied restrictions against American products and invented new restrictions.

Today more nations impose more barriers to imports of American products than at any time in our history.

Of the 93 foreign countries listed in tables prepared by the Department of Commerce, 90 of them impose controls over some or all United States products entering their markets, or over the money that can be paid for them.

In 1934 when the Trade Agreements Act was passed there were 35 foreign countries which required exchange permits, including those which had followed Britain's lead in 1931 when that country went off the gold standard.

Today 42 countries require exchange permits on all foreign-trade transactions, and 11 more require exchange permits or the equivalent on some or many transactions with the United States and other countries.

The United States requires no exchange permits.

Sixty-two trading nations require import licenses generally on all imports from the United States, and 25 others require them for imports on some important American products, or a total of 87 of the 93 foreign countries, excluding colonies.

The United States requires no import licenses on any foreign product from any foreign country.

All foreign countries with which the United States trades except Yemen apply tariffs to United States products.

In addition to import licenses and exchange permits foreign countries employ multiple exchange rates, import quotas and prohibitions, preferential tariff systems, foreign exchange auctions, advance deposit requirements, blocked accounts, restrictions on movements of incoming capital, restrictions on movements of outgoing capital, and restrictions on payments for invisible imports.

With the exception of quotas on a limited number of agricultural products, the United States applies none of these devices.

The United States today is the world's principal exponent of a free import policy which renewal of the 1934 Trade Agreements Act would continue.

In the meantime nations around the world have increased their tariff barriers against the United States.

The United Kingdom, for example, requires both import licenses and exchange permits in addition to a notoriously restrictive token quota system and formidable tariff barriers which discriminate against the United States by granting preferential rates to her 11 Commonwealths and her many colonies.

All of these trade barriers and restrictions applied against the United States are permitted in the General Agreement on Tariffs and Trade under its various articles.

Other nations are permitted to apply them not only to their own trade but to that of their colonies. England requires their use in the Bahamas, Bermuda, the West Indies (Barbados, Jamaica, Trinidad, Leeward Islands, Windward Islands), British Guiana, British East Africa, Gambia, Nigeria, Sierra Leone, British Honduras, British

Borneo and lesser colonies, protectorates and trust territories, none of which are listed in the 93 trading countries referred to above.

As the United States has progressively lowered its tariffs and other nations have progressively increased their restrictions against American products that are not paid for by American dollars given to these foreign nations, unemployment in the United States has increased.

Today there are 5,437,000 unemployed.

This is 533,000 more than were unemployed in May.

It is 2,437,000 more unemployed than we had 2 years ago and 3,567,000 more unemployed than we had in 1953.

It is the largest unemployment that we have had in 17 years or since we entered World War II.

In June of this year there were 259 distressed areas in 35 States.

In May we had 243 distressed areas.

In January there were 114 distressed areas.

In March 1957, there were 78 distressed areas.

In March 1953, there were 37 distressed areas.

Each year that the United States has lowered tariffs on competitive imports the number of unemployed and the number of distressed areas have increased.

Unemployment and distress is caused by mounting imports of products which compete with products produced or manufactured in the United States, and these imports in the past 5 years have almost tripled.

The imports have increased as a result of trade agreements made by our State Department under the 1934 Trade Agreements Act.

Each agreement has brought increased jeopardy to our economy.

The Trade Agreements Act has now expired.

Unless Congress renews it the State Department will have no more power to negotiate further trade agreements destructive to American jobs, markets, and economy.

The adjustment of flexible duties or tariffs on all such products revert to the Tariff Commission, an agent of Congress, to be continually adjusted on the basis of fair and reasonable competition.

The Tariff Commission, in a letter to me dated January 29, said:

> The United States could, under the above-mentioned procedures, eliminate all trade agreement obligations. In these circumstances, the statutory rates of duty (or in certain instances, the rates established pursuant to sec. 336 of the Tariff Act of 1930) for the articles currently covered by trade-agreement concessions would become effective. With respect to those articles covered in the GATT and not previously or presently covered in a bilateral agreement, the reinstatement of the effectiveness of the statutory rates of duty thereon could be accomplished solely by withdrawal from the GATT. With respect to those articles covered in the GATT, which are also covered in the bilateral agreement between the United States and a foreign country that is now a contracting party to the GATT, and the bilateral agreement has not been terminated, termination of the bilateral agreement in question, in addition to withdrawal from GATT, would be necessary to bring about the effectiveness of the statutory rates. Finally, with respect to those articles covered only in a currently effective bilateral agreement,

termination of the said agreement would be necessary for the reinstatement of the statutory rates of duty.

ADJUSTMENT FLEXIBLE TARIFF REVERTS TO TARIFF COMMISSION

Under such conditions then all products included in trade agreements to which this Nation is a party, revert to the Tariff Commission, an agent of Congress—the flexible tariff or duty to be adjusted in accordance with section 336 of the Equalization of Costs of Production Act—the 1930 Tariff Act, Public Law 361.

Excerpts from section 336 of Public Law 361 follow:

> (a) Change of classification of duties: In order to put into force and effect the policy of Congress by this act intended, the Commission (1) upon request of the President, or (2) upon the resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigage the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. * * * If the Commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences.

The only limitation is the provision limiting the Tariff Commission to a flexible adjustment of the tariff of 50 percent up or down as the equalization of costs of production may indicate.

This limitation can be removed or enlarged by Congress at any time. However, since, upon cancellation, the tariff reverts to the statutory rates set in the 1930 Tariff Act, in many cases the 50 percent may do the job.

THE CONSTITUTION—THE SEPARATION OF POWERS

The Constitution, in its separation of powers, pointedly places the regulation of foreign trade through the adjustment of the duties, imposts, and excises which we call tariffs, in the legislation branch under article I, section 8.

It places the fixing of foreign policy in the executive branch under article II, section 2.

The 1934 Trade Agreements Act tieing the two together under the Executive is clearly unconstitutional.

The table on exports from 1909 to and including 1957 shows that if we deduct the amount of money we give the foreign nations each year to buy our goods—and the subsidies paid on exported goods—that the

percentage, in dollar value, of our exportable goods going abroad in profitable trade has not materially changed since the passage of the 1934 Trade Agreements Act.

THE SENATE FINANCE COMMITTEE REPORT—AMENDMENTS TO THE SENATE FLOOR

Under the 1934 Trade Agreements Act as extended to June 30 of this year, the President could and did trade a part and practically all of some industries to foreign nations when he considered that his foreign policy would be furthered thereby. The Secretary of State, Hon. John Foster Dulles, so testified that he had that power.

The Senate Finance Committee's amendment provides that before the President can bypass the Tariff Commission's recommendation in an escape clause action, he must first secure a majority vote of both Houses of Congress. The Committee further recommended that a tie vote by the Commission, would be considered in favor of the industry.

The Senate Finance Committee, reduced the House extension provision of 5 years to 3 years and the further reduction of such duties and tariffs from 25 to 15 percent.

In the National Security provision of the act the Senate Finance Committee provided that the President must take into consideration the effect on national security of a weakening of the country's economy by excessive imports of individual products. There is no question but that the weakening of our economic structure also weakens our defensive power.

COMMITTEE INVESTIGATE EFFECT

In addition the committee provided for a 9-member bipartisan Commission to be composed of 3 members appointed by the President, none of whom may be members of the executive branch, 3 from the Senate Committee on Finance, and 3 from the House Committee on Ways and Means, to investigate and report on the international trade agreement policy of the United States and to recommend improvement in policies, measures, and practices.

The 1934 Trade Agreements Act should not be extended.

However, if the act is to be extended the Senate Finance Committee's recommendations provide a partial return to the legislative branch control of foreign trade, as provided in the Constitution.

I submit a table showing the United States production of movable goods, proportion exported, and foreign aid, for the selected years 1909–57.

[Millions of dollars unless otherwise indicated]

Calendar year	Estimated United States production of movable goods (1)	Total exports of United States merchandise (2)	Ratio of exports to movable-goods production (3)	Military-aid exports from United States (4)	Net U. S. Government grants other than military-aid shipments (5)	Net U. S. Government loans [1] (6)	Sum of cols. 4, 5, and 6 (7)	Col. 2 minus col. 7 (8)	Ratio of col. 8 to col. 1 (9)
			Percent						*Percent*
1909	17,437	1,701	9.8	----------	----------	----------	----------	1,701	9.8
1914	20,599	2,071	10.1	----------	----------	----------	----------	2,071	10.1
1919	47,210	7,750	16.4	----------	39	2,328	2,267	5,383	11.4
1921	33,396	4,379	13.1	----------	----------	−30	−30	4,409	13.2
1923	44,853	4,091	9.1	----------	----------	−91	−91	4,182	9.3
1925	48,341	4,819	10.0	----------	----------	−27	−27	4,846	10.0
1927	48,035	4,759	9.9	----------	----------	−46	−46	4,805	10.0
1929	53,502	5,157	9.6	----------	----------	−38	−38	5,195	9.7
1931	32,885	2,378	7.2	----------	----------	−21	−21	2,399	7.3
1933	25,326	1,647	6.5	----------	----------	7	7	1,640	6.5
1935	34,133	2,243	6.6	----------	----------	[4]	[4]	2,243	6.6
1936	[2]	2,419	[3]	----------	----------	−1	−1	2,420	[3]
1937	44,853	3,299	7.4	----------	----------	[4]	[4]	3,299	7.4
1938	[2]	3,057	[3]	----------	----------	1	1	3,056	[3]
1939	41,671	3,123	7.5	----------	----------	15	15	3,108	7.5
1940	47,671	3,934	8.3	----------	----------	51	51	3,883	8.1
1941	64,267	5,020	7.8	[5]	932	391	1,323	3,697	5.8
1942	89,345	8,003	9.0	[5]	6,304	221	6,525	1,478	1.7
1943	99,851	12,842	12.9	[5]	12,738	109	12,847	−5	----------
1944	105,617	14,377	13.6	[5]	13,845	231	14,077	240	.2
1945	101,411	10,309	10.2	[5]	6,542	1,019	7,561	2,748	2.8
1946	101,194	9,950	9.8	[5]	2,343	[6] 2,701	5,044	4,906	4.8
1947	123,799	15,160	12.2	[5]	1,940	[6] 3,907	5,847	9,313	7.5
1948	139,728	12,532	9.0	[5]	4,194	1,024	5,218	7,314	5.2
1949	123,199	11,936	9.5	[5]	5,207	652	5,859	6,077	4.9
1950	144,527	10,142	7.0	282	3,484	156	3,922	6,200	4.3
1951	165,080	14,879	9.0	1,065	3,035	156	4,256	10,623	6.4
1952	171,540	15,049	8.8	1,997	1,960	420	4,377	10,672	6.2
1953	182,674	15,652	8.6	3,511	1,837	218	5,566	10,066	5.5
1954	175,810	14,981	8.5	2,255	1,647	−93	3,809	11,172	6.4
1955	193,725	15,421	8.0	1,256	1,865	302	3,423	11,908	6.2
1956	202,055	18,940	9.4	1,757	1,695	626	4,078	14,862	7.4
1957	208,400	20,630	9.9	1,355	1,607	961	3,923	16,707	8.0

[1] Covers changes in both long- and short-term claims of the U. S. Government on foreign countries.
[2] Not available. (Prior to 1940, estimates of production of movable goods have been prepared only for years covered by a Census of Manufactures.)
[3] Not available. (See note 2.)
[4] Less than $50,000.
[5] Military aid shipments under the war and postwar lend-lease and Greek-Turkish aid programs are included in col. 5.
[6] Excluding United States subscriptions of $323,000,000 in 1946 and $3,062,000,000 in 1947 to capital of International Bank and Monetary Fund.

Source: Prepared from basic data of the Department of Commerce, June 1958.

The above chart was prepared in an effort to obtain an accurate picture of what portion of our movable goods is being shipped abroad through the normal processes of international trade and without the benefit of subsidies, grants, gifts, and credits extended to the countries receiving American products at the expense of the American taxpayer. This objective has not been completely accomplished, nor, in the absence of any Government central authority collecting and collating the contributions, loans, barter deals, special donations, and exchanges of goods for foreign currencies made to or with foreign countries by our numerous and various Government agencies at the expense of the American taxpayer, does it appear that a true picture can be given.

For example, exports of farm products under the barter program authorized in title III of Public Law 480, are in-

cluded in column 2, showing total exports, but nowhere appear in column 5 or 6 listing, respectively, grants other than military aid and Government loans. In 1957 more than $400 million worth of farm products were exported under the barter program. In 1956 barter "sales" totaled $299 million, and the year previously $125 million.

In 1957, according to Department of Agriculture statistics, $1,279 million in farm products were exchanged for foreign currencies, and the year previously $783 million. Foreign currency sales are presumedly included in column 6 of the Department of Commerce table, but the totals in that table for the years 1957 and 1956 are only $961 million and $626 million, respectively.

Of the $4.7 billion in agricultural exports during the last calendar year $1.9 billion moved under Government-financed programs other than CCC credit sales, in other words were not sold for dollars but were given away or exchanged for foreign currencies or products.

Dollar exports for the calendar year totaled $2.8 billion, but of this $1.1 billion involved subsidies in which the producer was reimbursed by the Government under the CCC program and the product was then made available for export through commercial channels for sale at world prices considerably below the domestic price.

These sales, however meritorious they may be from the standpoint of reducing the agricultural surplus, cannot be considered normal transactions in our commercial foreign trade. They are subsidized sales, the subsidies being paid by the American taxpayer. Yet the full amount of these exports are included in the Department of Commerce export total, and are nowhere reflected in column 5, 6, or 7.

The Department of Agriculture has supplied me with a table showing the cost of these products during the fiscal years 1954, 1955, 1956, and 1957, and during the period July 1, 1957, to April 30, 1958, and also the amount of dollars received in return. The difference represents the subsidy on these exports.

Fiscal year or period	Cost to Government (Col. A)	Dollars received in return for exports of products bought in col. A (Col. B)
1954	$434,332,000	$261,823,000
1955	726,104,000	497,011,000
1956	709,824,600	493,949,000
1957	1,466,037,000	945,029,000
July 1, 1957, to Apr. 30, 1958	1,228,713,000	774,000,554
Total	4,625,010,000	2,971,812,554

Each of these taxpayer-financed programs, if accurate figures could be obtained, would reduce the total value of exports actually sold abroad under conditions of normal commercial trade, and the percentages of our movable goods which are exported through normal commercial channels within the classical concept of international trade.

The showing that $20,630 million of American products, military or otherwise, were exported during 1957 presents a distorted picture, not only of our foreign trade but also of our economy. Thus, if half

of our movable product were shipped abroad as a gift, or bartered for foreign goods we did not want or need, or exchanged for foreign currencies we cannot use, the administration could boast that our exports had increased to more than $100 billion and that were now exporting 50 percent of our entire movable product. This would not reflect, however, any increased prosperity for the United States; it would reflect disastrous losses to our economy.

The 1934 Trade Agreements Act has not increased the proportion of our national product sold abroad for dollars; it has decreased that proportion. Yet the 1934 act was sold to Congress and the public partially on the claim that it would increase the share of our national production exported to foreign countries. To even attempt to move a comparable share of our national product into foreign countries, it has been necessary since World War II, to give or loan $75 billion to those countries, thus paying for the goods they buy with our own dollars, and to further create devious programs designed to permit them to buy our goods with worthless foreign currencies or to "pay" for them with their own products of which they have a surplus or to which they attach none or little value.

As may be seen from the charts above, incomplete as they are, from $3.4 billion to $5.8 billion of our export trade each year since the end of World War II has been fictitious from any commercial standpoint and actually financed by the American taxpayer.

The way to return to the Constitution in the regulation of foreign trade through the adjustment of the flexible duties or tariffs on the principle of fair and reasonable competition, giving the American workingmen and investors equal access to their own markets, is not to renew the 1930 Tariff Act, which expired on June 30 of this year.

The bill reported by the Senate Committee on Finance, however, is a great improvement over the initial act of 1934 as extended to June 30, 1958.

The proposed amendments to the act mark the first move in 24 years to return to the Constitution of the United States.

GEORGE W. MALONE.
WILLIAM E. JENNER.

CHANGES IN EXISTING LAW

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

TARIFF ACT OF 1930

TITLE III—SPECIAL PROVISIONS

* * * * * * *

PART II—UNITED STATES TARIFF COMMISSION

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SEC. 333. TESTIMONY AND PRODUCTION OF PAPERS.

(a) AUTHORITY TO OBTAIN INFORMATION.—For the purposes of carrying [Part II of this title into effect] *out its functions and duties in connection with any investigation authorized by law*, the commission or its duly authorized agent or agents (*1*) shall have access to and the right to copy any document, paper, or record, pertinent to the subject matter under investigation, in the possession of any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation, [and shall have power to] (*2*) *may* summon witnesses, take testimony, *and* administer oaths, [and to] (*3*) *may* require any person, firm, copartnership, corporation, or association to produce books or papers relating to any matter pertaining to such investigation, *and (4) may require any person, firm, copartnership, corporation, or association to furnish in writing, in such detail and in such form as the commission may prescribe, information in their possession pertaining to such investigation.* Any member of the commission may sign subpoenas, and members and agents of the commission, when authorized by the commission, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

* * * * * * *

(d) DEPOSITIONS.—The Commission may order testimony to be taken by deposition in any proceeding or investigation pending [under Part II of this title] *before the commission* at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person, firm, copartnership, corporation, or association, may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, as hereinbefore provided.

* * * * * * *

SEC. 335. RULES AND REGULATIONS.

The commission is authorized to adopt such reasonable procedures and rules and regulations as it deems necessary to carry out its functions and duties.

SEC. 336. EQUALIZATION OF COSTS OF PRODUCTION.

(a) CHANGE OF CLASSIFICATION OR DUTIES.—In order to put into force and effect the policy of Congress by this Act intended, the commission (1) upon request of the President or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the commission there is good and sufficient reason therefor upon application of any interested party, shall investigate the differences in the costs of production of any domestic article and of any like or similar foreign article. In the course of the investigation the commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. [The commission is authorized to adopt such reasonable procedure and rules and regulations as it deems necessary to execute its functions under this section.] The commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in its report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per centum of the rates expressly fixed by statute.

* * * * * * *

SEC. 337. UNFAIR PRACTICES IN IMPORT TRADE.

* * * * * * *

(c) HEARINGS AND REVIEW.—The commission shall make such investigation [under and in accordance with such rules as it may promulgate] and give such notice and afford such hearing, and when deemed proper by the commission such rehearing, with opportunity to offer evidence, oral or written, as it may deem sufficient for a full presentation of the facts involved in such investigation. The testimony in every such investigation shall be reduced to writing, and a transcript thereof with the findings and recommendation of the commission shall be the official record of the proceedings and findings in the case, and in any case where the findings in such investigation show a violation of this section, a copy of the findings shall be promptly mailed or delivered to the importer or consignee of such articles. Such findings, if supported by evidence, shall be conclusive, except that a rehearing may be granted by the commission and except that, within such time after said findings are made and in such manner as appeals may be taken from decisions of the United States Customs Court, an appeal may be taken from said findings upon a question or questions of law only to the United States Court of Customs and Patent Appeals by the importer or consignee of such articles. If it shall be shown to the satisfaction of said court that further evidence

should be taken, and that there were reasonable grounds for the failure to adduce such evidence in the proceedings before the commission, said court may order such additional evidence to be taken before the commission in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts or make new findings by reason of additional evidence, which, if supported by evidence, shall be conclusive as to the facts except that within such time and in such manner an appeal may be taken as aforesaid upon a question or questions of law only. The judgment of said court shall be final.

* * * * * * *

PART III—PROMOTION OF FOREIGN TRADE

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

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

(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

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

(A) Increasing by more than 50 per centum any rate of duty existing on [January 1, 1945] *July 1, 1934*.

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

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

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, *and before July 1, 1958*, decreasing (except as provided in subparagraph (C) of this

paragraph) any rate of duty below the lowest of the following rates:

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

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

(E) In order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the rates provided for in paragraph (4) (A) of this subsection.

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this [paragraph,] *paragraph and of subparagraph (B) of paragraph (4) of this subsection,* the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph [(4)] *(5)* of this subsection, shall be in effect from and after such time as is specified in the proclamation.

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

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

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

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

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

lation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(D) If (in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955) the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (C) or (D) *or paragraph (4) (A) or (B)* of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

(i) The difference between the limitation and the next lower whole number, or

(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (ii) of this subsection.

(4) (A) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made, in order to carry out a foreign trade agreement entered into by the President on or after July 1, 1958, decreasing any rate of duty below the lowest of the following rates:

(i) The rate which would result from decreasing the rate existing on July 1, 1958, by 15 per centum of such rate.

(ii) Subject to paragraph (2) (B) of this subsection, the rate 2 per centum ad valorem below the rate existing on July 1, 1958.

(iii) The rate 50 per centum ad valorem or, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, any rate (or combination of rates), however stated, the ad valorem equivalent of which has been determined as 50 per centum ad valorem.

The provisions of clauses (ii) and (iii) of this subparagraph and of subparagraph (B) (ii) of this paragraph shall, in the case of any article subject to a combination of ad valorem rates of duty, apply to the aggregate of such rates; and, in the case of any article subject to a specific rate of duty or to a combination of rates including a specific rate, such provisions shall apply on the basis of the ad valorem equivalent of such rate or rates, during a representative period (whether or not such period includes July 1, 1958), determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purpose of paragraph (2) (D) (ii) of this subsection.

(B) (i) In the case of any decrease in duty to which clause (i) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed 5 per centum of the rate of duty existing on July 1, 1958, or, in any case in which the rate has been increased since that date, exceed such 5 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

(ii) In the case of any decrease in duty to which clause (ii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed 1 per centum ad valorem or, in any case in which the rate has been increased since

July 1, 1958, exceed such 1 per centum or one-third of the total amount of the decrease under the foreign trade agreement, whichever is the greater.

(iii) In the case of any decrease in duty to which clause (iii) of subparagraph (A) of this paragraph applies, such decrease shall become initially effective in not more than three annual stages, and no amount of decrease becoming initially effective at one time shall exceed one-third of the total amount of the decrease under the foreign trade agreement.

(C) In the case of any decrease in duty to which subparagraph (A) of this paragraph applies, no part of a decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year. No part of any decrease in duty to which the alternative specified in subparagraph (A) (i) of this paragraph applies shall become initially effective after the expiration of the three-year period which begins July 1, 1958. If any part of such decrease has become effective, then for the purposes of the preceding sentence any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

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

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

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an [exclusive] agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall be decreased—

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

(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) *or (4) (A)* (subject to the *applicable* provisions of subsection (a) (3)

(B), (C), and (D) *and* (*4*) (*B*) *and* (*C*)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) *or* (*4*) (*A*) (*iii*) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.

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

(2) For purposes of this section—

(A) Except as provided in subsection (d), the terms [“existing on January 1, 1945” and “existing on January 1, 1955”] *“existing on July 1, 1934”, “existing on January 1, 1945”, “existing on January 1, 1955”, and “existing on July 1, 1958”* refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

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

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

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

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

(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), *the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the objectives of this section*, and other information relating to that program and to the agreements entered into thereunder.

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

(f) It is hereby declared to be the sense of the Congress that the President, during the course of negotiating any foreign trade agreement under this section, should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor.

TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or directly competitive articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or directly competitive articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than [120 days] *six months* after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the [120-day] *six-month* period.

(b) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. *If in the course of any such investigation the Commission shall find with respect to any article on the list upon which a tariff concession has been granted that an increase in duty or additional import restriction is required to avoid serious injury to the domestic industry producing like or directly competitive articles, the Commission shall promptly institute an investigation with respect to that article pursuant to section 7 of this Act.*

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SEC. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party (*including any organization or group of employees*), the United States Tariff Commission shall promptly make

an investigation and make a report thereon not later than [nine] *six* months after the application is made to determine whether any product upon which a concession has been granted under a trade agreement is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

In the course of any such investigation, whenever it finds evidence of serious injury or threat of serious injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported 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, it shall recommend to the President the withdrawal or modification of the concession, its suspension in whole or in part, or the establishment of import quotas, to the extent and for the time necessary to prevent or remedy such injury. The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.

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

[(c) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may 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 has not made such adjustments or modifications, or imposed such quotas.]

(c) (1) Within thirty days after receipt of the Tariff Commission's recommendations, the President shall proclaim such adjustments in the rate or rates of duty, impose such quotas, or make such other modifications

as are recommended by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, unless, prior to the expiration of such thirty days, the President shall have submitted a report to the Congress recommending that no such adjustments or modifications be made, or no such quotas be imposed, or recommending a rate of duty as an alternate to that recommended by the Tariff Commission, or recommending a quota as an alternate to that recommended by the Tariff Commission, or recommending a rate of duty as an alternate to a quota recommended by the Tariff Commission, or recommending a quota as an alternate to a rate of duty recommended by the Tariff Commission, as a means of preventing or remedying serious injury to the respective domestic industry, be adopted. If either the Senate or the House of Representatives, or both, are not in session at the time of such submission, such report shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

(2) If the President submits his report to the Congress while the Congress is in session and more than ninety days before the date on which the Congress adjourns sine die, he shall, within ninety days after the submission of such report, proclaim such adjustments, quotas, or other modifications as have been recommended by the Commission, unless, prior to the expiration of such ninety days, both Houses of Congress shall have adopted a concurrent resolution stating in effect that the Senate and House of Representatives approve the recommendations made by the President, in which event the President shall proclaim the recommendations so approved. If the President submits his report—

(A) when the Congress is not in session, or

(B) less than ninety days before the adjournment of the Congress sine die and the Congress before such adjournment has not acted on a concurrent resolution approving the recommendations made by the President,

the adjustment in the rate or rates, quotas, or other modifications specified in the recommendations of the Commission shall become effective ninety days after the date on which the next session of the Congress begins, unless during such ninety-day period the Congress, by concurrent resolution, shall have approved the President's recommendations.

(3) In any case of divided vote calling for the application of subsection (d) (1) of section 330 of the Tariff Act of 1930 (19 U. S. C., sec. 1330), as amended, the findings and recommendations of the Commission for the purposes of this subsection shall be the findings and recommendations of that group within the Commission which recommends the greatest measure of relief (as specified by the President in his report to the Congress pursuant to paragraph (1)), and which the President is authorized to consider as the findings and recommendations of the Commission under such section 330.

(d) When in the judgment of the Tariff Commission no sufficient reason exists for a recommendation to the President that a concession should be withdrawn or modified or a quota established, it shall make and publish a report stating its findings and conclusions.

(e) As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competi-

tive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.

(f) In carrying out the provisions of this section the President may, notwithstanding section 350 (a) (2) of the Tariff Act of 1930, as amended, impose a duty not in excess of 50 per centum ad valorem on any article not otherwise subject to duty.

SECTION 2 OF THE ACT OF JULY 1, 1954 (19 U. S. C., SEC. 1352a)

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

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

SEC. 2. (a) No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty on any article if the President finds that such reduction would threaten to impair the national security.

(b) Upon request of the head of any Department or Agency, upon application of an interested party, or upon his own motion, the Director of the Office of Defense Mobilization (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate Departments and Agencies, to determine the effects on the national security of imports of the article which is the subject of such request, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

(c) *For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.*

(d) *A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (b).*

(e) *The Director, with the advice and consultation of other appropriate Departments and Agencies and with the approval of the President, shall by February 1, 1959, submit to the Congress a report on the administration of this section. In preparing such a report, an analysis should be made of the nature of projected national defense requirements, the character of emergencies that may give rise to such requirements, the manner in which the capacity of the economy to satisfy such requirements can be judged, the alternative means of assuring such capacity and related matters.*

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