

EXTEND THE AUTHORITY OF THE PRESIDENT UNDER SECTION 350 OF THE TARIFF ACT OF 1930, AS AMENDED

FEBRUARY 19, 1937.—Ordered to be printed

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

REPORT

[To accompany H. J. Res. 96]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 96) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, having considered the same, report favorably thereon without amendment and recommend that the resolution do pass.

OPERATION OF TRADE AGREEMENTS ACT SINCE ITS PASSAGE IN JUNE 1934

Although full hearings were held by this committee in 1934 when the original act was under consideration, the committee has again conducted a thorough examination of the fundamental policies of the Trade Agreements Act. The recent hearings also gave the committee an opportunity to appraise the operation of the act during the approximately 2½ years since its enactment and to examine the present condition of our foreign trade. The committee has concluded that the policies adopted in the original act were soundly conceived, that despite the short period of the operation of the act its results demonstrate clearly that favorable progress has been made toward the objectives of increased foreign trade through the reduction of excessive trade barriers and that present domestic and external conditions call for a renewal in its existing form of the President's authority to enter into trade agreements for a further temporary period of 3 years.

The gratifying increase in our exports to trade-agreement countries as contrasted with nonagreement countries, which is disclosed by the following table, is unquestionably primarily attributable to the program:

United States exports, calendar years 1935 and 1936

[In thousands of dollars]

	1935	1936 (preliminary)	Percent of increase
Trade-agreement countries:			
Agreements in force for entire year 1936 ¹	508, 657	539, 506	15.9
Agreements in force for only part of year 1936.....	243, 697	275, 463	16.0
Total trade-agreement countries.....	752, 354	864, 969	15.0
All other countries.....	1, 490, 727	1, 551, 503	4.1
Total all countries.....	2, 243, 081	2, 416, 477	7.7

¹ The increase in 1936 over 1935 for this group of countries understates the effect of the trade-agreements program, because the agreement with Cuba was in force during both years. In the first year of the Cuban agreement our exports totaled \$55,312,000, as contrasted with only \$34,993,000 in the year preceding the agreement, an increase of 58 percent.

This advance must not be confused with changes in our exports and imports not related to the trade-agreements program. War preparations and reviving foreign commercial activity of a general nature have undoubtedly caused some increases in our exports for which the trade agreements are not responsible. Similarly, extreme and long-continued drought conditions combined with a revival of our domestic prosperity at a rate in excess of that of most other nations have abnormally increased our imports of certain agricultural food and feed products, of various industrial raw materials, and of luxury articles, while at the same time the drought conditions tended to reduce certain of our agricultural exports. These important changes in our foreign trade were the causes of the reduction in our 1936 balance of trade. That reduction is in no way related to the trade-agreements program. That program, by effecting reciprocal reductions in excessive trade barriers, stimulates trade in both directions; it does not have any important effect upon the relationship between total imports and total exports.

The elaborate and painstaking consideration, after full public hearings, given to all reductions in our own duties under the procedure established pursuant to the directions of the statute fully takes into account their probable effect upon agriculture, industry, and trade, and guarantees that in the future as in the past trade agreements will not injure the interests of established domestic producers in the domestic market. In this connection the committee desires to call attention to the fact that the trade agreements procedure in regard to public notice and hearings is constantly being studied and improved with a view to affording every possible facility to domestic producers and others effectively to present their views to the interested agencies of the Government.

The committee is convinced that the act has been soundly and conservatively administered for the best interests of all our citizens and

that the authority granted to the Executive has been exercised with commendable restraint and scrupulous regard to the spirit and the letter of the congressional mandate. The committee's conviction, based on careful investigations of all aspects of the matter, is substantiated by the unanimity with which all sections of the public, with remarkably few exceptions and without regard to political affiliation, have endorsed the program.

The committee concludes without hesitation that the best interests of the Nation require the extension of the program for 3 years to meet the continuing emergency in international trade.

In reaching this conclusion the committee has given thorough and sympathetic attention to various complaints and proposals. In the main these were the same points brought before the Ways and Means Committee of the House of Representatives which has recently considered the same resolution that is the subject of this report. On these matters this committee finds itself in full agreement with the detailed majority report of the Ways and Means Committee which is incorporated in and made a part of this report. However, as to one of the current proposals—that which suggests according treaty status to the executive agreements authorized by the Trade Agreements Act—this committee feels that the matter is so peculiarly of concern to the Senate that it desires to add to the analysis of the Ways and Means Committee.

TRADE AGREEMENTS SHOULD NOT BE SUBJECTED TO THE CUMBOUS TREATY-MAKING PROCEDURE

We consider that it is clear that no constitutional or other legal considerations require Senate ratification of Executive agreements. The numerous precedents demonstrating beyond question that the Trade Agreements Act involves no improper delegation of legislative or treaty-making powers are briefly summarized in the Ways and Means Committee's report. (See *infra*, p. 6.) We desire to discuss those considerations which conclusively demonstrate that, as a matter of policy, action affecting the details of rate modification—pursuant to the congressional policies now established in the act—should, during the present emergency in international trade, continue to be entrusted to the Executive in order to meet promptly and effectively the constantly changing conditions in our foreign trade.

As the President stated in his message to Congress of March 2, 1934, when he first requested the authority to conclude Executive agreements providing for reciprocal trade concessions:

A promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

Time is of the essence in international negotiations of a commercial nature under the emergency conditions of today. Practically all the important commercial nations of the world can take prompt action with regard to tariff adjustments. Under our form of government

general tariff policies can be and should be formulated by the legislative branch; broad principles governing our long-term relations with foreign countries are properly established by statutes or treaties. On the other hand, plain limitations upon the scope permitted for Executive discretion, such as are embodied in the Trade Agreements Act, are essential in regard to domestic matters and frequently are desirable in regard to our foreign relations. To attempt more may often thwart important general policies and principles; to attempt to require in every instance senatorial disposition of the manifold and constantly changing details involved in the carrying out of such policies and principles would frequently be to render the legislative branch incapable of effective exercise of its functions.

The burdens upon the Senate of legislating for the vast and varied needs of the Nation at the present time are such that the folly of the proposal that trade agreements be made into treaties is demonstrated by a moment's contemplation of the inevitable disastrous delay which would have resulted had we been required during the past 2½ years to pass upon the numerous details of the 15 agreements negotiated during that period. There can be no question as to what the result would have been in terms of frustration of our larger purpose. A proposal which, upon alleged grounds of furthering important legislative functions, renders those very legislative powers futile is so patently self-contradictory that all serious considerations of public policy call for its unqualified rejection.

Moreover, it would be borne in mind that in enacting the Trade Agreements Act, the Congress was careful to insure that those safeguards against arbitrary action which are inherent in our legislative process should be made a part of the procedure for tariff bargaining authorized in the act. Section 4 of the act requires public notice and an opportunity for all interested persons to present their views in connection with each proposed agreement. It further requires the President to consult with those agencies of the Federal Government which have for long years past been charged with various aspects of our foreign trade. The act thus wisely combined the very features of our legislative procedure which assure democratic regard for individual interests with the only method by which the legislature can ensure the effective carrying out of its policies.

CONTINUANCE OF EXISTING EXCISE TREATMENT

Among the proposals not discussed by the majority report of the Ways and Means Committee is one upon which this committee desires to express its views. The act authorizes the President "to proclaim * * * [the] continuance * * * of existing * * * excise treatment of any article covered by foreign trade agreements." This limited authorization with respect to Federal internal excises was not in the bill as originally introduced in the House (H. R. 8430) but was proposed in the course of the hearings on that bill at which time its purpose was clearly stated. (Hearings before the House Ways and Means Committee on H. R. 8430, 73d Cong., 2d sess., pp. 368-370.) It was mentioned specifically in the report of the

Ways and Means Committee (H. Rep. No. 1000, 73d Cong., 2d sess., p. 15) in the following language:

Particular notice should be taken, moreover, of the fact that the President may seek from other countries promises that their excise duties shall not be such as to nullify the results of their promises to modify their tariff duties. This is the fruit of bitter experience on the part of the exporters of American goods. One of the chief protective measures which the President will desire to take will consist of pledging other countries not to increase their excise duties at the same time that they are reducing their import duties.

In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty. His power of reduction of duties is limited to those which are in fact customs duties.

This report, it will be remembered, was incorporated as part of the report of this committee. (S. Rept. No. 871, 73d Cong., 2d sess., pp. 4-21, see especially p. 18 where the above-quoted language appears.) The authorization here under discussion was also the subject of debate on the floor of the Senate (78 Congressional Record, pp. 10391-10393). Consequently, it is clear that this limited authority—so patently cognate to the broader authority granted with respect to customs duties—was extended only after careful consideration by Congress.

The committee has again examined this authorization and has unhesitatingly concluded that it is a necessary and desirable adjunct to the tariff-adjustment authority which the act vests in the President. In the case of products which are produced in considerable commercial quantities in the importing country tariff adjustments accompanied by the pledge of national treatment in regard to internal taxation (i. e., taxation of imported products and like domestic products on an equal, nondiscriminatory basis) afford adequate protection against discriminatory or excessive internal taxes on imported products; such a pledge, of course, does not place any definite restrictions on the height of internal taxes. However, in the case of products not produced at all or only to a very limited extent in the importing country, tariff adjustments accompanied by the pledge of national treatment in regard to internal taxation afford very little or no protection against new or increased barriers to trade. Tariff concessions obtained by the United States with respect to such products in trade agreements might be greatly impaired or nullified altogether in the absence of a commitment on the part of the foreign governments not to impose new or higher national internal taxes on such products originating in the United States. In order to obtain such a commitment for the purpose of safeguarding the tariff concessions applicable to our exports it is necessary for the President to have the authority to agree to a corresponding commitment on the part of this Government. In this connection it may be pointed out that internal excise taxes on imported products yield only a minute portion of our total revenue.

The committee is impressed with the care and restraint with which the President has exercised this authority in connection with the 15 trade agreements concluded to date. In the Brazilian and Colombian agreements, the United States agreed to bind the existing internal excise treatment with respect to only 25 items or subitems of our

tariff; almost without exception the products concerned are tropical products not produced commercially, if at all, in this country; and not a single one of them was subject to a Federal internal tax at the time the agreements were signed. The Cuban agreement, the only other agreement which contains a commitment to continue our existing internal excise treatment on the products listed in the schedule of concessions granted, involves products imported from Cuba covered by 29 tariff classifications. In the other 12 agreements there is only one item on which the United States agreed to continue the existing internal tax, namely, palm oil, which is subject to a 3-cent tax. In return for these commitments on the part of the United States, Brazil agreed not to impose new or higher national internal taxes on products of the United States covered by approximately 100 tariff classifications; Colombia on products covered by roughly 160 classifications; and Cuba on products covered by several hundred classifications. These advantages for our export trade have been obtained by reciprocal commitments which have not placed any serious obstacle in the way of Congress in its search for additional revenue.

Following is the majority report of the House Committee on Ways and Means:

**HOUSE REPORT NO. 166, SEVENTY-FIFTH CONGRESS,
FIRST SESSION**

The Committee on Ways and Means, to whom was referred the joint resolution (H. J. Res. 96) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, having had the same under consideration, report it back to the House and recommend that the bill do pass.

PRESIDENT'S LETTER URGING EXTENSION

The President in his letter of January 14, 1937, to the chairman of the committee has set forth concisely the reasons which make it abundantly clear that the interests of the Nation urgently require the extension, for a further temporary period of 3 years, of the President's authority to enter into foreign-trade agreements in the manner and for the purposes authorized by the act (Public, No. 316, 73d Cong.) approved June 12, 1934, which added section 350 to the Tariff Act of 1930.

JANUARY 14, 1937.

The Honorable ROBERT L. DOUGHTON,
House of Representatives.

MY DEAR MR. DOUGHTON: By the act of June 12, 1934 (Public, No. 316, of the 73d Cong.), the Congress authorized the Executive to enter into foreign-trade agreements for the purpose of promoting the foreign commerce of the United States. This authority was conferred for a period of 3 years. I am very happy to learn that you have introduced in the House of Representatives a resolution (H. J. Res. 96) providing for an extension of this authority for a further period of 3 years. Such an extension is highly desirable in the interests of our Nation.

At the time of the original enactment, the world was moving in the direction of a progressive destruction of international commerce. Trade barriers had risen to unprecedented heights, and exclusive preferential arrangements were supplanting the rule of equal treatment in commercial relations. As a result of

enhanced obstructions to trade and of increasing adverse discrimination on the part of other nations, our foreign trade had suffered an even more drastic decline than the catastrophic fall in world trade as a whole.

If our agricultural and industrial interests, which had been severely injured by the contraction of their foreign markets, were to regain their deserved place in the international trade of the world and to expand foreign outlets for their products, it was necessary for our Government in a time of such emergency to be in a position to bargain with other Governments by means of energetic and decisive negotiations. The executive branches of virtually all other important trading countries already possessed power to act promptly. By the act of June 12, 1934, the Congress placed a similar authority in my hands.

Through the exercise of that authority, foreign trade agreements have been concluded with 15 nations. Improved opportunities for our trade have been secured in such important markets as those of Canada, Cuba, Brazil, France, Belgium, The Netherlands, Switzerland, and Sweden. Through our policy of demanding and granting equality of treatment we have obtained removal of discriminations where they existed in the trade-agreement countries and guarantees of equal treatment in the future. At the same time our policy has served to reduce discriminatory practices in many other countries.

In the process of obtaining improvement in our export position, the interests of our producers in the domestic market have been scrupulously safeguarded. This was made possible by painstaking effort on the part of the Government agencies concerned with the negotiation of trade agreements and by the helpful cooperation of the business community and the general public in making known to the Government their views and desires in the matter and in supplying valuable pertinent information.

Our vigorous initiative in the field of liberalization of commercial policies has been an important factor in arresting the world trend toward national economic isolation, which seemed almost irresistible 3 years ago. Striking evidence of this is furnished by the actions of individual countries and by the discussions and recommendations of such international gatherings as the recent Buenos Aires conference.

But while accomplishment has been substantial and gratifying, the task is by no means completed. In international trade relations emergency conditions still exist. Barriers operating against our trade are still excessive. Their reduction continues to be an essential requirement of a full and balanced economic recovery for our country. In the period which lies immediately ahead, our ability to act swiftly and effectively in the field of commercial policy will be indispensable, if the present favorable and promising trend toward a normalization and expansion of international trade, upon a friendly and constructive basis of fair-dealing and equal treatment, is to go forward.

The development of liberalized trade practices has another effect, which transcends in importance even the material benefits conferred by trade improvement. Economic strife, resulting from inordinate or discriminatory trade barriers, is one of the most fruitful sources of political animosity and military conflict. A policy designed to reduce excessive trade barriers and to establish equality of trade rights is a powerful instrument of economic appeasement and stability. It thus serves to strengthen the foundations of world peace.

In the present unfortunate state of world affairs, we dare not, in justice to ourselves, relax our effort, or abate the vigor of our leadership, in a world-wide movement for durable peace through economic prosperity.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

EXPANSION OF TRADE AN AID TO PEACE

In his testimony before the committee the Secretary of State pointed out the contribution which the trade agreements program is making not only to economic recovery but also to the elimination of the economic causes of international ill-will:

An expansion of international trade, not its artificial and arbitrary reduction through the creation of obstructive barriers to its flow, is increasingly being recognized as the road to full recovery and the way of maintained prosperity.

More than that, and of incalculable and supreme importance to us and to others as well, there is a universally growing realization that economic well-being for all nations is an indispensable foundation for durable peace. No peace machinery.

however perfectly constructed, can operate among nations which are economically at war rather than at peace with each other. No durable peace is possible except among nations which are actuated, in their economic dealings with each other, by friendliness, fair dealing, and a sincere desire to keep open the channels of mutually beneficial trade.

Apart from the ill-will and resentment engendered by hostile commercial policies, isolation inevitably creates unemployment, lower living standards, and general economic distress within nations. And no nation is more ready to seek relief by the forcible acquisition of territory or is more easily stampeded into the hysteria of war than one whose population finds itself hopelessly mired in economic poverty and widespread privation.

* * * * *

When people do not have enough to eat and to wear, nor anything to work with, and are idle, they become the chief source first of domestic and then of international trouble. That breeds policies of big armaments, policies of militarism. It is only when they are employed and have something to live on in moderate contentment that you create the foundation for conditions of peace.

The committee finds itself in full agreement with the Secretary's view that failure to go forward with the program at this critical juncture in international affairs would retard our march toward full recovery and employment and would seriously undermine the economic forces which are tending to strengthen the foundations of peace. The aim of the program is the expansion of mutually profitable trade; this expansion of trade improves the prospects of lasting peace.

In this connection the committee desires to make special mention of the pride which it takes in the far-seeing and broad-minded leadership that our distinguished Secretary of State, a former member of the committee, has contributed to this country's effective program for securing domestic recovery and the economic bases for permanent peace. His important contributions to our efforts to attain these twin goals have been acclaimed by the overwhelming majority of his fellow citizens and by peace-loving people throughout the world.

PRESENT SITUATION OF OUR FOREIGN TRADE

In the course of its hearings the committee reviewed the conditions confronting Congress in 1934 which gave rise to the Trade Agreements Act, the results so far recorded in the administration of the act, and the conditions now obtaining in the field of our foreign trade.

Notwithstanding the substantial recovery of our domestic economy and the improvement in our foreign trade, full recovery has not yet been achieved. One of the chief obstacles to complete and stable recovery is a pronounced lag in our foreign trade, which persists despite the encouraging expansion in our exports which has taken place in the past few years. The task of regaining our foreign markets which the Congress provided for in 1934 has not yet been finished. Many of the excessive restrictions on international trade which arose during the depression still persist.

At the same time there is unmistakable evidence that our commercial policy under the Trade Agreements Act has gained an increasing number of adherents both at home and abroad. It is equally clear that the present outlook in the field of international economic relations is more promising than it has been for some time and that the trade-agreements program has been an important contributing factor. In the period which lies immediately ahead, agreements are likely to become possible with a number of additional countries, including countries which have been leading markets for our farm products.

UNANIMITY OF SUPPORT FOR RECIPROCAL TRADE AGREEMENTS

The committee directs particular attention to the fact that no witness appeared before it to oppose the broad policy of reciprocal-trade agreements. The few witnesses who did not support the program in all its details were seeking protection for individual commodities. And after careful consideration the committee concluded in each such instance that the interest represented by the complaining witness had not been injured by the operation of the Trade Agreements Act, but was on the contrary enjoying better prices and larger markets than before. On the other hand, as opposed to those few witnesses who criticized certain details, the overwhelming weight of the evidence and the testimony of most of the witnesses, including the representatives of the United States Chamber of Commerce, supported the program in its entirety. The program undoubtedly has the firm support of the great majority of the Nation's producers.

For the sake of clarification the committee wishes to discuss certain of the criticisms raised at the hearings.

(1) TRADE AGREEMENTS NOT RESPONSIBLE FOR DECREASED EXPORT BALANCE

The committee has examined with care the alarmist references made in the testimony and elsewhere to the decline in our commodity export balance in 1936 and the efforts that have been made to ascribe this situation to the trade-agreements program. The committee is convinced, not only that the trade agreements are not responsible for this situation, but that the situation itself is not a proper occasion for alarm.

Our exports during 1936, which totaled \$2,453,487,000, were \$170,613,000 larger than in 1935; our imports, amounting to \$2,419,229,000, were \$371,744,000 larger than in 1935. Exports exceeded imports by \$34,258,000 in 1936. The question is whether there is anything sinister in these trade figures and whether trade agreements have in any way been responsible for the greater increase in imports than in exports. The committee is convinced, not only that there is nothing sinister in the figures, but on the contrary that, when properly analyzed and understood, they indicate a distinctly healthy situation. It is likewise convinced that the trade agreements, while tending to stimulate both exports and imports, have not affected the actual trade balance, and that the declining export balance is due entirely to other factors.

Trade agreements aided increased exports.—As to exports, there can scarcely be occasion for complaint in the fact that these increased by \$170,613,000. That is a genuinely healthy development, and one to which the trade-agreements program has been an important contributing factor. While in considerable part the increase was undoubtedly due to general economic recovery abroad, the available statistics make it clear that the lowering of tariffs and other restrictions against our exports to the trade-agreement countries, together with the greater purchasing power in such countries for our products in consequence of their increased sales to us, have also played an important part in this expansion.

Our exports to the 10 countries with which trade agreements were in force for at least 6 months prior to December 1936, were 12.3 per cent greater during the first 11 months of 1936 than during the same period of 1935; whereas, our exports to all countries during the same period increased by only 8 per cent. (Exports by countries are not yet available for the full calendar year, 1936.) For the first 11 months of 1936 our exports to Canada showed an increase over the same period of 1935 of almost 17 per cent; to Cuba, of 11 per cent; to Sweden, 9 per cent; and to Brazil, 11 per cent. To some others among these 10 trade-agreement countries, exports showed little or no increase, but in nearly every case the United States has obtained a larger share of the total imports of these countries.

Bulk of increased imports unrelated to trade agreements.—We turn next to the increase of \$371,744,000 in imports. The chief cause of this increase is one which should be the occasion for rejoicing rather than alarm. The major factor is the rapid progress of economic recovery in the United States and the consequent increase in domestic consumption of imported raw materials and other products for which a rapidly increasing domestic purchasing power is stimulating an increased demand. It is not yet possible, as this report is written, to give exact figures as to the percentage of this increase which is accounted for by items on which we reduced our duties in trade agreements. A rapid survey of the list of import items by the technical experts familiar with each branch of the trade shows beyond question, however, that such items account for only a relatively small part of the total.

Because of increased quantities imported, or higher prices, or both, the value of imports for consumption of such noncompetitive items as the following increased as follows: Crude rubber, \$39,649,000; raw silk, \$6,554,000; tin, \$5,636,000; nickel, \$5,382,000; cocoa, \$6,434,000; raw cotton (chiefly long staple) \$4,944,000; flax, hemp, and ramie and manufactures thereof, \$4,936,000; jute and jute manufactures, \$3,594,000; precious stones, \$10,534,000; and art works, \$4,308,000.

These items alone account for \$91,971,000 of the increase. Together with coffee, tea, and bananas (of which the import values in 1936 were about the same as in 1935), they account for a total of \$819,354,000 out of total imports for consumption of \$2,421,056,000 in 1936, or 34 per cent. In addition there are, of course, many items in the remaining total that are wholly or largely noncompetitive.

The influence of economic recovery upon imports is not confined to such items as the foregoing. The increases have, with but slight exceptions, been general throughout the entire range of imports, including nonagreement as well as agreement items. Moreover, most of the increases in imports of these remaining items—as well as in those enumerated above—are accounted for by products which compete only indirectly, if at all, with domestic production.

An increase of \$14,376,000 in imports of edible animal products includes a \$6,436,000 increase in meat products, canned beef (of which little is produced in the United States) being important in this total. Dairy products accounted for only \$1,102,000 of the increase. An increase of \$39,666,000 in imports of inedible animal products includes a \$28,446,000 increase in furs and fur manufactures—largely noncompetitive and a luxury item responding quickly to improved economic conditions; also a \$9,184,000 increase in hides and skins, due

chiefly to the fact that in 1936, production of leather footwear in the United States reached the highest point in history. Inedible tallow imports declined by \$9,546,000.

Of the \$76,808,000 increase in imports of vegetable food products and beverages, \$23,453,000 is accounted for by sugar (including free entries from the Philippines), of which the imports are limited by special sugar-quota legislation; \$34,737,000 is accounted for by beverages, including a \$31,360,000 increase in imports of whisky and other spirits, consisting in large part of aged whisky. Another item is wheat, the \$17,754,000 increase, despite the continued application of the full 1930 tariff rate in this item, being due wholly to domestic crop failure. Corn imports declined by \$4,211,000.

Of the \$56,822,000 increase in imports of inedible vegetable products, \$39,649,000 is accounted for by rubber (already mentioned). An increase of \$9,490,000 in expressed oils and fats is accounted for chiefly by the relative shortage of oils and fats in the United States resulting primarily from drought and improving economic conditions. The increase of \$4,118,000 in unmanufactured tobacco is in tobacco of a type largely noncompetitive with the bulk of domestic tobacco.

An increase of \$80,034,000 in imports of textile fibers and manufactures includes a \$23,340,000 increase in unmanufactured wool and mohair (fiber) much of which is carpet or other low-grade wool not competitive with domestic wool. A \$7,600,000 increase in imports of cotton manufactures is accounted for chiefly by cotton cloth, most of which was not affected by duty reductions and important types of which were subjected to increased duties by Presidential proclamation under section 336 of the Tariff Act. Considerable increases in other textile items, such as wool manufactures (\$9,908,000), manufactures of flax, hemp, ramie (\$4,936,000), other vegetable fibers and manufactures (\$9,056,000), and raw cotton (\$4,944,000), are in types or grades of products not produced in this country; are mostly outside the range of existing trade agreements; and definitely reflect the influence of increased domestic prosperity.

The remaining major groups of items tell much the same story. An increase of \$41,012,000 in imports of wood and paper includes a \$16,669,000 increase in imports of paper and-paper manufactures, \$16,975,000 in paper base stocks, and \$4,817,000 in unmanufactured wood and saw-mill products. While trade agreements figured in some of these increases, in the main they were due to other factors, including improved domestic economic conditions, strikes in western lumber mills, halting of west coast shipping by strikes (these influences affecting especially lumber); increased domestic paper production; and especially increased demand for newsprint. An increase of \$21,643,000 in imports of the group entitled "nonmetallic minerals" includes a \$10,534,000 increase in precious stones (already referred to). A \$29,582,000 increase in metals and metal manufactures includes a \$13,212,000 increase in nonferrous metals which is accounted for entirely by nickel and tin (already noted). It includes also a \$8,006,000 increase in ferro alloys needed for the reviving domestic steel industry; and an increase of \$4,961,000 in steel mill products, the result chiefly of increased industrial activity, and even more striking in the case of non-trade-agreement than of trade-agreement items. An increase of \$10,017,000 in imports of chemicals and related products is nearly half accounted for by fertilizers. Increased

imports of coal-tar products were chiefly in items on the free list, the dutiable group having declined. Increased imports of industrial chemicals were due mainly to increased activity in industries consuming industrial chemicals as raw materials.

It is clear, therefore, from this analysis of the import figures that the \$371,744,000 increase in imports in 1936, far from being a matter for alarm, is a symptom of the rapidly improving economic health of this country and is due largely to factors other than trade agreements.

Reduced export balance no occasion for alarm.—As already stated, the committee is definitely of the opinion that the decline in our export "balance" in 1936 gives no cause for alarm. Our export balance may fluctuate widely from year to year (e. g., \$225,000,000 in 1933; \$478,000,000 in 1934; \$235,000,000 in 1935) in response to shifting economic conditions at home and abroad.

There is no reason to assume that a so-called "favorable" balance of trade is a good thing for every country and under all conditions. It may or it may not be. Commodity trade is only a part of the total of economic transactions with other countries; other items which enter into the balance sheet (i. e., the balance of international payments or accounts), such as tourist trade, immigrant remittances, shipping earnings, insurance, etc., must also be considered.

The creditor position of the United States today definitely calls for a larger importation of goods and services (excluding interest and dividends) than of exports of goods and services, except as earnings on investments may be reinvested abroad (which only postpones payment of interest and dividends), or as adjustment may be made through continued piling up of stocks of gold in the United States. This does not mean that we should have an "unfavorable" balance of commodity trade alone; but, under present conditions, it does definitely imply a smaller commodity export balance than in the past, unless we want to resume foreign lending on a vast scale.

What the committee desires to stress as of paramount importance is the fact that trade in both directions has expanded greatly in 1936—in fact, by more than a half billion dollars. Our net creditor position and our desire to maintain and expand our export trade, render desirable and necessary a growing volume of imports, provided only that they do not disrupt and dislocate domestic industries but, rather, contribute to a rising prosperity in which all branches of our economic life may share. The caution with which the trade-agreements program has been administered in this latter regard; the higher levels of prices and prosperity in the very industries in which duties have been reduced, as well as in others; and the nature of the increased imports as indicated by the foregoing analysis—all attest to the fact that the adjustments that have been taking place are fundamentally in the economic interest of the country as a whole.

In regard to this matter of trade balances, attention is called particularly to the special memorandum entitled "The Balance of Trade and the Trade Agreements Program", included among the special exhibits offered by Assistant Secretary of State Sayre at the close of his testimony on January 22, 1937.

(2) BOTH AGRICULTURE AND INDUSTRY BENEFITED BY PROGRAM

It has been asserted that trade agreement concessions on farm products have been primarily responsible for the recent increases in imports of agricultural commodities. We are of the opinion that these concessions—which have been few in number, granted only after the most careful study and when necessary accompanied by strict limitations as to the quantity to be admitted at the lowered rates or as to the seasons when such rates apply—have been a very minor factor in the agricultural import situation. By far the greater portion of increased agricultural imports in recent years are either wholly non-competitive raw materials and foodstuffs required by our economic recovery or have been needed to replace partially the severe domestic shortages caused by two of the worst droughts in our history. On the other hand trade agreements have definitely benefited our farmers. Numerous concessions in favor of our agricultural exports have been obtained. In addition, the contribution of the program to the revival of American industrial exports and of employment and pay rolls in our cities inevitably means increased domestic purchasing power for our farm products. There are, moreover, excellent prospects that much more can be accomplished toward reopening foreign outlets for farm products in the next few years.

Concessions obtained.—Benefits have been obtained for both agriculture and industry in the trade agreements which have been concluded with 15 countries, including a number of our most important export markets. The trade of the United States with these countries totaled over 3½ billion dollars in 1929 and accounted for 38 percent of our total foreign trade in 1934. These agreements contain hundreds of concessions of benefit to American export trade. Reductions in tariffs and liberalization of quotas and other restrictive measures have been secured for commodities which account for approximately one-third of our 1929 exports of agricultural products to countries with which trade agreements have been made. In addition, products constituting nearly another third of our 1929 farm exports to these countries have been guaranteed continued freedom from duties or the maintenance of present favorable tariff or quota treatment. Similar benefits have been obtained for a broad range of American industrial products.

The wide range of benefits which have been provided for our export trade is indicated by the following list of important agricultural and industrial products upon which reductions in duty or liberalization of other restrictive measures have been obtained in trade agreements:

AGRICULTURAL PRODUCTS	<i>Number of agree- ments in which benefited</i>
Canned peaches.....	12
Canned pears.....	12
Canned grapefruit.....	10
Canned pineapples.....	11
Canned fruits for salad.....	12
Prunes.....	10
Raisins.....	10
Dried apples.....	8
Dried apricots.....	11
Apples.....	7
Pears.....	7
Oranges.....	3

14 EXTEND AUTHORITY OF PRESIDENT UNDER TARIFF ACT OF 1930

AGRICULTURAL PRODUCTS—continued	<i>Number of agree- ments in which benefited</i>
Grapefruit.....	7
Grapes.....	3
Pork and pork products.....	9
Lard.....	8
Beef.....	4
Oleo oil stock and stearine.....	2
Prepared milk products.....	8
Vegetables, fresh and dried.....	5
Canned vegetables.....	11
Tobacco and tobacco products.....	3
Vegetable fats and oils.....	3
Oatmeal.....	6
Crackers and biscuit.....	5
Breakfast foods.....	4
Cornstarch.....	4
Malt.....	3
Rye.....	2
Rye flour.....	2
Rice.....	3
Oats.....	3
Wheat.....	2
Wheat flour.....	3
Linseed cake.....	2

FISH PRODUCTS

Canned salmon.....	9
Canned sardines (including pilchards).....	9
Canned shellfish.....	7

INDUSTRIAL PRODUCTS

Passenger automobiles and chassis.....	8
Trucks, busses, and chassis.....	5
Automobile engines, parts, and accessories.....	6
Leather.....	6
Rubber tires and inner tubes.....	9
Rubber belting.....	4
Cotton yarn.....	3
Cotton piece goods.....	6
Silk hosiery.....	5
Rayon fabrics.....	3
Lumber and timber.....	6
Petroleum products.....	4
Iron and steel plates and bars.....	4
Iron and steel wire.....	3
Metal furniture.....	6
Cooking and heating equipment.....	4
Tools.....	5
Agricultural machinery.....	3
Industrial machinery.....	4
Radio apparatus.....	8
Electric refrigerators.....	4
Batteries.....	3
Electric motors.....	3
Typewriters, cash registers, and business machines.....	6
Aircraft, parts, and accessories.....	4
Railway cars and parts.....	3
Medicinal and pharmaceutical preparations.....	8
Paints and varnishes.....	9
Chemicals.....	6
Soap, cosmetics, and toilet preparations.....	8

In addition, in other agreements, many of the products listed and numerous additional products, including cotton, are assured of continued entry free of duty or are guaranteed against increases in

present moderate tariff rates and safeguarded against new restrictive measures.

Limitations on imports at reduced rates.—Concessions granted by the United States in return for the benefits obtained abroad have in all cases been based upon the most careful study of their direct and indirect effects upon domestic producers. Those on competitive agricultural products, which have been the subject of considerable discussion, were in all cases moderate and have to a large extent covered products of which farmers themselves are the principal purchasers, such as horses, dairy cows, live cattle of feeder weights, seed potatoes, hay, oats and turnips for feed, grass, and other forage-crop seeds. Moreover, strict limitations as to the season or quantity of importation at the reduced rates have accompanied most concessions on competitive agricultural imports.

For example, in the case of cattle weighing over 700 pounds each, the United States granted a duty reduction, effective January 1, 1936, from 3 to 2 cents per pound on a quantity equivalent to only three-fourths of 1 percent of the average annual total domestic slaughter (including calves) during the years 1928-32. This tariff quota amounts to only 156,000 head of cattle. Entries into the United States at the reduced rate during the first 6 months of 1936 aggregated some 130,000 head of cattle, or 83 percent of the annual amount admissible at the reduced rate of duty. These shipments in the first half of the year, however, were equivalent to but 2.7 percent of the federally inspected slaughter in this period; they were equivalent to a considerably smaller percentage of total domestic slaughter which in the years 1928-32 averaged nearly 50 percent higher than federally inspected slaughter alone. Figures for total domestic slaughter are not available for 1933 and later years. Furthermore, since by no means all of the cattle imported went directly to slaughter, the competitive slaughter ratio for the half-year period was even less. The remaining 26,000 head admissible at the reduced rate entered between July 1 and the early part of November and amounted to but 0.6 percent of federally inspected slaughter in this period. Cattle (of the class affected by the Canadian trade agreement) entering the country after the quota had been exhausted early in November, paid the full rates of duty established by the 1930 Tariff Act.

In the case of cream, the reduction in the import duty (from 56.6 cents to 35 cents per gallon) made in the Canadian trade agreement, effective January 1, 1936, is limited to only 1,500,000 gallons in any calendar year. This quantity is equivalent to about one-tenth of 1 percent (or 1 part out of 1,000 parts) of the total annual domestic production of milk in terms of cream and to eight-tenths of 1 percent of production in the North Atlantic States, the principal area in which Canadian cream competes. Actual imports of cream from Canada since January 1, 1936, when the duty reduction became effective, have continued to be negligible, amounting to but 43,710 gallons during the year 1936. This quantity is less than 3 percent of the annual tariff quota of 1,500,000 gallons fixed by the trade agreement, and is equivalent to about 0.004 percent (4 parts out of 100,000 parts) of our annual domestic production of cream. No change has been made, as a result of the Canadian or any other trade agreement, in the import duties on butter or milk or prepared milk products established in the 1930 Tariff Act.

Rising prices and farm income.—Evidence that concessions on agricultural products have not injured the domestic producers is to be seen in the rising prices of agricultural commodities and in enhanced farm income. Thus the average price per pound received by farmers for butterfat was 17.9 cents in 1932; 28.1 cents in 1935; and 32.8 cents in 1936.

Although imports from Canada of Cheddar cheese increased from 700,000 pounds in 1935 to an estimated 11 million pounds in 1936, the price of Cheddar cheese on the Wisconsin exchange averaged 15.3 cents per pound in 1936, compared to 14.3 cents in 1935 and 10.0 cents in 1932 when only 600,000 pounds were imported. Domestic production of Cheddar cheese also increased from 371 million pounds in 1932 to 469 million pounds in 1935 and to 494 million pounds in 1936, an increase in 1936 of more than 2½ times the total imports from Canada which were less than 3 percent of the domestic production. The returns to domestic cheese producers increased from 37 million dollars in 1932 to 67 million dollars in 1935 and to 75.8 million dollars in 1936.

Exceptionally heavy marketings of domestic fat cattle during the first 6 months of 1936, 16 percent greater than the 1931-35 average for the same months, resulted in an exaggeration of the normal seasonal downward trend of steer prices during the first part of the year; this downward trend was strongest in the prime and choice grades, of which imports were negligible; prices in the medium grade, which account for 80 percent of the slaughter cattle imports from Canada, declined least of all.

In the case of winter vegetables, the average prices received by growers in the United States for the fall and winter of 1935-36 compare with those for the corresponding seasons of 1932-33 as follows: Winter tomatoes, \$3.35 per bushel in 1935-36 against \$1.70 in 1932-33; eggplant, \$1 against \$0.60; peppers, \$1.30 against \$0.80.

The gross income from farm production in the United States for 1936, excluding benefit payments, is estimated at \$9,050,000,000 as compared with \$8,010,000,000 in 1935 and \$5,337,000,000 in 1932.

CONTINUATION OF EXISTING PROGRAM ESSENTIAL

The committee has also had before it various proposals for procedural or policy changes in the Trade Agreements Act. After carefully weighing these suggestions, the committee is convinced, not only that no changes are needed, but on the contrary that the adoption of the changes proposed would seriously cripple, if not defeat, the successful conduct of the program and would therefore be highly objectionable from the standpoint of public policy.

The committee desires to set forth its conclusions as to certain of the major policies and questions of procedure referred to.

(1) MOST-FAVORED-NATION TREATMENT

The policy of equal treatment has been proved by the test of long experience to be the policy of most practical benefit to the commercial interests of the United States. We are convinced that the continued application of this policy is essential to the carrying out of the purpose of the Trade Agreements Act. If foreign markets for American prod-

ucts are to be expanded, the commercial policy of the United States must be one that does not provoke retaliation against, but on the contrary assures nondiscriminatory treatment for, American goods. If its exports are to enjoy nondiscriminatory treatment in foreign markets, the United States must in return grant nondiscriminatory treatment to the goods of foreign countries in its markets.

Hence, the trade-agreement concessions are not given by the United States as exclusive, discriminatory concessions but are extended to imports from all countries which are not themselves discriminating against American trade. The significance of the extension of these concessions to the trade of third countries is limited, however, by the necessarily accompanying policy followed in negotiating trade agreements, of granting concessions on those products only of which the other country is in each case the principal or an important supplier.

It has sometimes been contended that under the unconditional most-favored-nation policy the United States gives away something for nothing. We do not find any basis for this contention. The exchange of nondiscriminatory treatment between the United States and another country is itself a bargaining transaction just as is the exchange of particular duty or other concessions. The United States extends its concessions to third countries in return for the extension to it of all concessions which they have granted or may in the future grant to all other countries.

Thus, it is not through altruism or for any hidden purpose that the United States extends its concessions to third countries; it is because important benefits for American trade are in each instance received in return. As applied to its imports, the pursuit of this policy by the United States has affected roughly \$30,000,000 worth of trade; in return it has safeguarded and benefited at least \$265,000,000 worth of American exports, a substantial quid pro quo. Thus, the unconditional most-favored-nation policy, in dollars and cents, is proving a most advantageous policy for the United States.

We are convinced that if the United States conducted the trade-agreements program on any other basis than this the effects upon American exports would be disastrous.

We are also deeply impressed by the important service which this policy renders to the cause of peace. Under any other policy, discriminations—either permanent or temporary—would be originated by the United States. Discriminations cause international bitterness and resentment; if the United States were to adopt such a policy of aggressive discrimination, the cause of peace would be seriously injured. Under the unconditional most-favored-nation policy the American people can rest assured that their commercial relations with other countries are being conducted in the manner most conducive not only to the most effective promotion of their trade, but also to the international friendship and peace. This is the "good neighbor" policy as applied to commerce.

(2) COST OF PRODUCTION FORMULA

The committee has taken note of suggestions that the cost of production formula, whereby changes in duties would be made only on the basis of prior findings of the difference in cost of production here and abroad, be incorporated into the Trade Agreements Act. However plausible on its face, this formula, if introduced into the act would

in the committee's opinion, so seriously impede the effective operation of the act as virtually to nullify it. The committee feels that adequate consideration is already given to cost data as part of the general body of information taken into account in administering the act, and that reliance upon the cost formula as the sole basis for tariff adjustments in the trade agreements would be wholly impracticable.

The most immediate and vital objection to the use of this formula in connection with trade agreements is the fact that it would so delay and hamstring the conduct of the negotiations as to make the act virtually a dead letter. Experience in the administration of section 336 of the Tariff Act of 1930 (and the corresponding provision of the act of 1922) has conclusively shown that the investigations required to make such findings cannot be completed short of months, sometimes a year. In view of the many investigations that would have to be conducted simultaneously if every proposed change of duty in an agreement were to be predicated upon such an inquiry, it is obvious not only that the resources of the Government would be swamped but that any possibility of concluding an agreement would be indefinitely delayed.

Moreover, while the committee does not undertake at this time to pass upon the matter, it cannot fail to call attention to severe criticism to which the cost formula as a basis for tariff making has been subjected by outstanding authorities and experts in this field. The testimony of Chairman Robert L. O'Brien, of the United States Tariff Commission before this committee in 1934, and again before the Senate Finance Committee, is unreservedly critical of the whole formula. (Testimony of the Honorable Robert Lincoln O'Brien, Chairman of the United States Tariff Commission, before Committee on Ways and Means, House of Representatives, on H. R. 8430, Mar. 8-14, 1934, pp. 72-76 and 79-82, and before the Committee on Finance, U. S. Senate, on H. R. 8687, Apr. 26-May 1, 1934, pp. 143-156, 73d Cong., 2d sess.) The late Thomas Walker Page, for many years a member and one time Chairman of the Tariff Commission, and a world authority on the tariff, condemns the formula in his well-known book on tariff making ("Making the Tariff in the United States", Institute of Economics, Brookings Institution, Washington, D. C., 1924). Among students and experts on the tariff there has been virtual unanimity in this matter.

Quite apart from basic objections as to the principle involved, concerning which these critics are wholly in accord, there is complete agreement among them that the formula is wholly incapable of scientific administration. Complete data can seldom be obtained, especially in foreign countries, and when obtained are frequently of little value. Of agricultural products the costs tend to fluctuate widely from year to year with the vicissitudes of the weather. Joint products and byproducts offer a wide latitude for the vagaries of the cost accountants. In any country the costs are likely to be as numerous as the producers of the item. There is no such thing as "the" cost. Such variables as these, and others, reduce to complete absurdity the notion that this formula, which has all the outward aspects of a definite standard, is, in fact, any standard at all. These limitations of the formula further reinforce the committee's view that it would be unwise and impracticable to incorporate it into the Trade Agreements Act.

(8) EXECUTIVE AUTHORITY TO CONCLUDE AGREEMENTS

The policy of delegating to the President authority to negotiate trade agreements and, within carefully defined limits, to proclaim resulting modifications in existing duties and other import restrictions is under present conditions essential to effective tariff action designed to revive our foreign trade and is thoroughly consistent with continuous governmental practice since the earliest days of the Nation.

Necessity for prompt action in concluding agreements.—The flexibility of the practice of other nations is manifested by the fact that in the 14-month period prior to the consideration of the trade-agreements legislation by Congress in the spring of 1934, foreign countries had entered into 69 bargaining agreements relating to customs treatment. Similar agreements have since then continued to be concluded in great numbers by the nations of the world.

This country's experience demonstrates conclusively that senatorial or congressional ratification of such arrangements is not compatible with the promptness of action thus clearly required in modern commercial negotiations between nations. In the entire course of our history only three reciprocity treaties have been ratified by the Senate and each of these was of a special nature and with a country having close geographic or political ties, Canada in 1854, Hawaii in 1875, and Cuba in 1902. From 1844 to 1902 10 other reciprocity treaties were negotiated under the general treaty powers but not one became effective. Twelve additional reciprocity treaties were negotiated under the provisions of section 4 of the Tariff Act of 1897 (Dingley Act), requiring both senatorial and general congressional ratification, but none became effective. On the other hand, 12 reciprocity agreements, not requiring senatorial or congressional approval, were entered into in connection with the administration of the Tariff Act of 1890 and similar agreements were concluded with 9 countries under the express provisions of section 3 of the 1897 act.

The Senate and the House of Representatives are in session for only part of the year and in recent years the demands upon their time when in session have been enormous. Were either senatorial or congressional ratification to be required, the inevitable delay and the further uncertainty as to ultimate ratification would go far toward destroying the incentive of foreign countries to enter into any trade negotiations at all.

No comparable situation prevails in any of the countries with which agreements have so far been concluded or in any of the remaining major commercial nations of the world. In many of them the executive has been given full powers. In others legislative ratification is a foregone conclusion, either because under the parliamentary form of government continuance of the ministry in power is dependent upon a working majority in the legislature, or because the actual relation between the executive and the legislative branches is such that legislation sponsored by the executive is normally approved as a matter of course.

Numerous precedents for present act.—The vitally necessary authority which is vested in the Executive by the Trade Agreements Act is supported by our continuous governmental practice. This Government from its earliest days has entered into hundreds of international agreements, not submitted for legislative ratification, in such fields as com-

mercial and consular relations, patent, trade-mark and copyright protection, postal, navigation, radio and aviation arrangements, and the settlement of claims.

As stated above, 12 reciprocal trade agreements were entered into in connection with the administration of section 3 of the Tariff Act of 1890 (McKinley Act) without being submitted to the Senate or to Congress. After holding that this section did not constitute an improper delegation of legislative power, the Supreme Court in *Field v. Clark* (143 U. S. 681, 694) said:

What has been said is equally applicable to the objection that the third section of the act invests the President with treaty-making power.

Section 3 of the Tariff Act of 1897 (Dingley Act) authorized the President to conclude, without legislative ratification, agreements providing for "reciprocal and equivalent concessions * * * in favor of the products and manufactures of the United States" in return for lowered duties in this country. The Supreme Court described the agreement with France negotiated under this provision as "an international compact", but "not a treaty possessing the dignity of one requiring ratification by the Senate." *Altman Company v. United States* (224 U. S. 583, 601).

In the recent decision of *United States v. Curtiss Wright Export Corporation* (Dec. 21, 1936), the Supreme Court has again made it clear that the Federal Government has, as an essential part of its sovereign powers—

the power to make such international agreements as do not constitute treaties in the constitutional sense.

In other instances, such as the flexible provisions of the Tariff Acts of 1922 (sec. 315) and of 1930 (sec. 336), the President has been given broad power to modify our tariff rates on a unilateral basis without regard to equivalent promises by foreign countries. The delegation of legislative power in such instances, as in the cases also involving executive agreements, has always been upheld by the courts whenever challenged. See for example *Hampton & Co. v. United States*, 276 U. S. 394; *Frischer & Co. Inc. v. Bakelite Corporation*, 39 Fed. (2d) 247; *Frischer & Co. Inc. v. Elting*, 60 Fed. (2d) 711; *United States v. Sears, Roebuck & Co.* 20 C. C. P. A. 295.

Section 338 of the Tariff Act of 1930 authorizes the President, "when he finds that the public interest will be served thereby", to impose such additional duties "as he shall determine will offset" any discriminations of foreign countries against our commerce—a much broader power than that contained in the Trade Agreements Act.

Other well-known examples of broad power to modify rates are found in the authority of the Interstate Commerce Commission, the Federal Communications Commission, and other regulatory bodies to fix rates "in the public interest."

In the committee's opinion the Trade Agreements Act contains fully adequate standards for the delegation of legislative power. In addition, the committee calls attention to the fact that in the *Curtiss-Wright Export Corporation case*, referred to above, the Supreme Court pointed out that legislation which—

is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from

statutory restriction which would not be admissible were domestic affairs alone involved.

This statement is clearly applicable to the Trade Agreements Act.

(4) HEARING PROCEDURE

Section 4 of the act reads as follows:

SEC. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce and from such other sources as he may deem appropriate.

In the negotiation of the 15 trade agreements thus far concluded, the Government officials charged with responsibility for the administration of the act have been meticulous to carry out the spirit as well as the letter of this congressional mandate. An extensive inter-departmental organization has been set up to insure that every aspect of every decision reached in carrying out the trade-agreements program receives expert consideration from the point of view of every section of the public interest represented in the Federal Government. Adequate public notice (at least 6 weeks in every case) has been given before any trade agreement has been concluded, accompanied by the publication of statistics regarding the principal articles in the trade of the United States with the country concerned. Ample opportunity has been provided for the submission, in writing and at public hearings, by private business, agricultural and labor interests of the country, of information regarding their needs, their desires, and their views with respect to any proposed trade agreement, with the assurance that such information is carefully and impartially considered by all the departments and agencies of the Government which cooperate in carrying out the trade-agreements program.

A procedure which thus provides ample opportunity to be heard and which treats all parties fairly and alike cannot be justly labeled "star chamber" by any fair-minded person. The committee believes that criticism on this point is unwarranted. No advance notice, much less open hearings, was afforded in connection with the reciprocity agreements negotiated under the McKinley Tariff Act of 1890 or the Dingley Tariff Act of 1897. Section 338 of the Smoot-Hawley Act of 1930, which authorizes the President under certain circumstances to proclaim additional duties up to 50 percent or even to exclude imports entirely, contains no provision whatever for public hearings or for the presentation in any form of the views of interested private persons. The opportunity afforded under the Trade Agreements Act for private persons to be heard and for their views to be carefully and impartially considered is fully equal to that afforded under the flexible tariff provisions of the Tariff Act of 1930 (sec. 336) and its predecessor, the act of 1922 (sec. 315).

Recent changes, moreover, have been introduced in this procedure, in the light of the experience accumulated in the administration of the act, which should increase its usefulness both to the governmental

agencies and the private interests concerned. Thus, the interdepartmental Committee for Reciprocity Information is now prepared to receive presentations from private interests with respect to any aspect of the trade agreements program, and not solely information and views with regard to proposed agreements. A second step is designed to permit the publication, in connection with the formal notice of intention to negotiate a trade agreement with a specified country, of a list of all the products with respect to which concessions in our tariff rates might be considered. Such a listing of products will indicate to American producers and importers whether or not particular tariff rates in which they are interested are under consideration, thus saving them the trouble and expense of preparing briefs and appearing at public hearings with respect to products which are not actually involved in the negotiations.

GENERAL CONCLUSIONS

On the basis of careful study of the results of the trade agreements program in its 2½ years of operation and of the manner in which the act has been administered by the executive branch of our Government, the committee is convinced that

(1) The foreign-trade agreements have demonstrated their efficacy in reviving our foreign commerce and in safeguarding it from adverse discriminations abroad;

(2) The provisions of the act have been administered with care and caution and with scrupulous regard to the best interests of the Nation and to the intent of the Congress in authorizing the Executive to negotiate foreign trade agreements;

(3) The policy pursued by our Government under the act has served to strengthen our influence in favor of establishing and maintaining the conditions of peace by helping to remove some of the most dangerous economic causes of war; and that

(4) In the sphere of international economic relations there is a continuing urgent need of effective action along the lines so far followed with marked success in the application of the Trade Agreements Act.

The committee concludes, therefore, that it is of imperative importance to our national interests that the authority for the continuance of the program embodied in the act of June 12, 1934, be extended in its present form for a further temporary period as provided by the accompanying resolution.