PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6607. By Mr. BURDICK: Petition of sundry citizens of Fort Yates, N. Dak., asking for the passage of legislation to cancel feed and seed loans, House bill 2655; to the Committee on Agriculture.

6608. By Mr. CROSSER: Petition submitted by the Maser Home Bakers of Cleveland, Ohio, protesting against the imposition of new processing taxes; to the Committee on Ways and Means.

6609. By Mr. CULLEN: Petition of the officers of Local 1476, Sugar Refinery Workers of the International Longshoremen's Association, urging the necessity of stopping further unemployment and suffering among their members by furthering legislation which will prevent an expansion of refining by the subsidized tropical sugar-refining industry and an expansion of the subsidized beet-sugar industry; to the Committee on Foreign Affairs.

6610. By Mr. ELSTON: Additional petition of the Cincinnati Bakers' Supply Co. and sundry citizens of Cincinnati, Ohio, protesting against the levying of excise or any other form of processing taxes on bread and other every-day indispensable necessities of life; to the Committee on Ways and Means.

6611. By Mr. MARTIN J. KENNEDY: Petition of Bindery Women's Union, Local No. 66, International Brotherhood of Bookbinders, New York City, urging support of the equal-rights amendment to the Constitution; to the Committee on the Judiciary.

6612. Also, petition of the Maritime Association of the Port of New York, New York City, opposing any Federal sugar legislation which will bring about a further reduction in the amount of cane sugar which enters the ports of the United States; to the Committee on Interstate and Foreign Commerce.

6613. By Mr. KEOGH: Petition of Local 1476, Sugar Refinery Workers of the International Longshoremen's Association of Brooklyn, N. Y., favoring legislation that will protect the jobs of the sugar-refinery workers of Brooklyn and Yonkers, N. Y.; to the Committee on Foreign Affairs.

6614. By Mr. KRAMER: Resolution of the Board of Supervisors of the County of Los Angeles, State of California, relative to appropriation for control of venereal diseases, etc.; to the Committee on Appropriations.

6615. Also, resolution of the League to Aid Korean Volunteers in China, relative to permission to remain in the United States until change in political condition in Korea, etc.; to the Committee on Foreign Affairs.

6616. By Mr. LAMBERTSON: Petition of Mrs. John W. Bigley and 38 other citizens of Topeka, Kans., urging Congress to pass the Neely bill; to the Committee on Interstate and Foreign Commerce.

6617. By Mr. McANDREWS: Resolutions adopted at a mass meeting recently held in the city of Chicago, Ill., under the jurisdiction of Polish-American Council; to the Committee on Foreign Affairs.

6618. By the SPEAKER: Petition of the Steel Workers Organizing Committee, Congress of Industrial Organizations, East Chicago, Ind., petitioning consideration of their resolution with reference to the Wage and Hour Act; to the Committee on Ways and Means.

6619. Also, petition of the business and professional group of Equality Magazine, New York City, petitioning consideration of their resolution with reference to House bills 5643, 5138, 4860, 3724, 2830, and Senate bill 409, pertaining to the naturalization laws; to the Committee on Immigration and Naturalization.

6620. Also, petition of the New York State Industrial Union Council, Congress of Industrial Organizations, New York, N. Y., petitioning consideration of their resolution with reference to the Federal wages and hours law; to the Committee on Labor.

6621. Also, petition of the New York State Industrial Union Council, Congress of Industrial Organizations, New York, N. Y., petitioning consideration of their resolution with reference to the Federal Budget; to the Committee on Appropriations.

6622. Also, petition of the New York State Industrial Union Council, Congress of Industrial Organizations, New York, N. Y., petitioning consideration of their resolution with reference to their Resolution No. 13, pertaining to foreign conflicts; to the Committee on Foreign Affairs.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 21, 1940

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we praise Thee for the One whom we may ever approach but never surpass. Before the world, He was: Deeper than all depths and higher than all height are the wonders of our Lord's divine nature. We thank Thee that He is not only forgiving, but life-giving, creating within us those tides of being which make all things new. We pray that we may be worthy of our vocation and appreciate the challenge of our trusteeship. Oh, give us the pungent power of high decision, the hunger that longs for fullness of life, and inspire us with those wise silences that tremble in the breast of aspiration, and with that yearning for all that is fair, lovely, and of good report. Unto Thee be eternal praise, through Christ, our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

COMMUNICATION FROM CLERK OF THE HOUSE

The SPEAKER. The Chair lays before the House the following communication from the Clerk of the House.

The Clerk read as follows:

FEBRUARY 20, 1940.

The SPEAKER,
House of Representatives, Washington, D. C.

DEAR SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule III, of the House.

Respectfully yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

HON. CLIFFORD DAVIS

The SPEAKER. The Chair lays before the House the following communication from the Clerk of the House.

The Clerk read as follows:

FEBRUARY 21, 1940.

The SPEAKER,
House of Representatives, Washington, D. C.

DEAR SIR: The certificate of election, in due form of law, of Hon. CLIFFORD DAVIS as a Representative-elect to the Seventy-sixth Congress, from the Ninth Congressional District of Tennessee, to fill the vacancy caused by the resignation of Hon. Walter Chandler, is on file in this office.

Very truly yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.
By H. NEWLIN MEGILL.

HON. CLARENCE E. KILBURN

The SPEAKER. The Chair lays before the House the following communication from the Clerk of the House.

The Clerk read as follows:

FEBRUARY 21, 1940.

The SPEAKER,
House of Representatives, Washington, D. C.

DEAR SIR: The certificate of election, in due form of law, of Hon. CLARENCE E. KILBURN as a Representative-elect to the Seventy-sixth Congress, from the Thirty-first Congressional District of New York, to fill the vacancy caused by the death of Hon. Wallace E. Pierce, is on file in this office.

Very truly yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.
By H. NEWLIN MEGILL.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

SWEARING IN OF MEMBERS

Mr. CLIFFORD DAVIS and Mr. CLARENCE E. KILBURN appeared before the bar of the House and took the oath of office.

RESIGNATION FROM COMMITTEE

The SPEAKER. The Chair lays before the House the following communication.

The Clerk read as follows:

FEBRUARY 20, 1940.

Hon. WILLIAM B. BANKHEAD,
Speaker, House of Representatives, Washington, D. C.

MY DEAR MR. SPEAKER: Due to other committee assignments the meeting dates of which conflict with the meeting days of the Committee on Claims, I hereby submit my resignation as a member of the Committee on Claims, House of Representatives.

Cordially yours,

A. F. MACIEJEWSKI.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

EXTENSION OF REMARKS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include therein two letters.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TAXATION OF GOVERNMENT SECURITIES

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. The Chair cannot recognize the gentleman to speak for 2 minutes at this time.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, during the last regular session of Congress I introduced a bill, H. R. 5632, making income from securities issued by the United States, or any State, or Territory, or any subdivision thereof, subject to the income-tax laws of the United States. I regret to say that up to date I have been unable to secure action on this bill. It will be utterly impossible to equalize the burden of taxation until legislation such as this is passed by Congress. Tax-exempt securities today are furnishing a means for those of great wealth to avoid paying to the Government their share of Governmental expense. In the Washington Daily News, in connection with this very subject, there appeared recently what seems to me to be a very timely and true editorial which is packed with wisdom. I sincerely hope all of the Members will take the time to read this editorial. It calls attention to the fact that since the time of Woodrow Wilson every President has recommended that such legislation be passed. However, no such action has been taken by Congress up to date.

Mr. Speaker, in connection with my remarks I ask unanimous consent to insert in the RECORD as a part of my remarks an advertisement headed, "Tax-exempt securities." This came through the mail to me but I do not know where it came from. I may say, however, that it is the sort of propaganda that is going on in the country in connection with this subject advising people what to invest in.

I also ask unanimous consent to insert as part of my remarks the editorial appearing in the Washington Daily News to which I referred.

Mr. RICH. Mr. Speaker, reserving the right to object, the gentleman wants to place in the RECORD an advertisement the source of which he does not know, but apparently from some newspaper somewhere. In addition, he wants to place in the RECORD an editorial. Where is the majority leader? He said the other day that he was going to stop the insertion of these editorials.

Mr. RAYBURN. If the gentleman will yield——

Mr. RICH. I yield.

Mr. RAYBURN. The majority leader did not say anything of the sort. The majority leader said that when a newspaper article or a magazine article was so long that special consent had to be secured he would object. He did not say anything about objecting to short editorials.

Mr. RICH. Does the majority leader wish to permit a newspaper advertisement to go in the RECORD the authorship of which advertisement is not known and whose source is unknown?

Mr. RAYBURN. I do not know anything about that.

Mr. RICH. There ought to be some authenticity to the matter inserted by Members. It does not seem right that such an advertisement should be inserted; it just is not right.

Mr. RAYBURN. Why does not the gentleman object, then?

Mr. RICH. I am going to object until the gentleman informs us where the advertisement came from.

Mr. O'CONNOR. I will say to the gentleman that it came through the United States mail.

Mr. RICH. That is nothing. I get a great deal of propaganda through the mail.

Mr. O'CONNOR. It came from the gentleman's own State, if he wants to know.

Mr. RICH. That is all the worse; too much New Deal propaganda.

Mr. O'CONNOR. It ought to be good, then.

Mr. RICH. We have more New Deal propaganda in Pennsylvania than any other place in the country since the Earle administration, the worst administration for New Deal propaganda in our history.

Mr. O'CONNOR. This has nothing to do with New Deal propaganda.

Mr. RAYBURN. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order has been demanded. Does the gentleman from Pennsylvania object to the request of the gentleman from Montana?

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The regular order has been demanded. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR] to include the articles and matter referred to by him as a part of his remarks?

Mr. RICH. Mr. Speaker, I object to the unknown newspaper advertisement.

Mr. O'CONNOR. The gentleman does not object to the editorial?

Mr. RICH. No. I ought to object to that, too, but the majority leader is willing to let that go in. The Democratic Party is responsible if it goes in. If I had my say, it would not go in, either.

The SPEAKER. Is there objection? [After a pause.] The Chair hears no objection to the request of the gentleman from Montana [Mr. O'CONNOR], except the objection made by the gentleman from Pennsylvania [Mr. RICH] to the inclusion of one article.

The matter referred to follows:

A bill (H. R. 5632) making income from securities issued by the United States or any State or Territory subject to the income-tax laws of the United States or any subdivision thereof

Be it enacted, etc., That notwithstanding any other provisions of law, all income derived, after the enactment of this act, from securities now outstanding or issued after the date of enactment of this act, by or under the authority of the United States or its possessions, or the obligations of any State, Territory, or any political subdivision thereof, or of the District of Columbia, shall be included in gross income within the meaning of section 22 (a) of the Revenue Act of 1938 for the purpose of taxation under title I of such act, and shall also be subject to taxation under all income-tax laws of the United States, or any subdivision thereof, hereafter enacted.

[From the Washington Daily News]

AGAIN, TAX-EXEMPTS

No. 1 tax recommendation of Glenn Frank's Republican program committee:

"Elimination of all tax exemptions of future issues of Federal, State, and municipal securities."

President Roosevelt made the same recommendation more than a year ago. The Ways and Means Committee in Congress held a hearing—and then nothing more happened.

In fact, every President since Woodrow Wilson, every Secretary of the Treasury since CARTER GLASS, has pointed out the inconsistency of levying a steeply graduated income tax and at the same time continuing to sell tax-exempt bonds to wealthy in-

vestors who want to escape high taxes. But successive Congresses, Republican and Democratic, have failed to act.

In 1934, according to a Treasury study, 33 individuals who reported less than $5,000 of net income actually received tax-exempt interest ranging in amount from $100,000 to $1,000,000. A married person with no dependents, earning $5,000 a year, pays a Federal income tax of $80. That's not much for a person fortunate enough to have a $5,000 salary. But what shall we say of an income-tax system which collects exactly the same amount from another person who has $5,000 in taxable income and $1,000,000 more in nontaxable income? Obviously we can't say that the system is based on the principle of ability to pay.

Nor are such injustices the only evil. Our capitalist system depends upon risk-taking investments to start new businesses and expand old ones. Investors with the most money should take the larger risks. But our tax system definitely discourages risks by the wealthy. Or, to put it another way, our tax laws encourage the rich to play safe. It is a matter of arithmetic that—considering Federal income taxes alone—a man with a $100,000 income can get a larger net return on a 3-percent Government bond than on a 7-percent private investment; a man with a million-dollar income can do better with a 3-percent tax-exempt than with a private risk that yields 12 percent. And when State income taxes are added, the margin is even greater. If he resides in New York State, the million-a-year man has to make more than 16-percent profit on a private risk to realize as large a net as he can get on 3-percent exempt bonds.

Since men of wealth are usually adept at arithmetic and notoriously reluctant to throw their money away, venturesome enterprises which might provide jobs for the idle go begging for capital. The rich investor isn't hurt. He can take a free, safe ride on the never-ending stream of tax-exempts issued by Federal, State, county, and city governments. But the fellow who can't find a job in private business because of the lack of investments therein has no such comfortable alternative. He has to go on W. P. A. or relief.

We're glad Mr. Frank's committee has recommended abolition of tax-exempts as a plank in the next Republican platform, just as we were glad when Mr. Roosevelt proposed the same reform as a New Deal measure. But we'd feel greater hope if the Republicans and Democrats in Congress showed more than an academic interest.

COMMITTEE ON INDIAN AFFAIRS

Mr. O'CONNOR. Mr. Speaker, by direction of the Committee on Indian Affairs, I ask unanimous consent that that committee may remain in session this afternoon while the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I expect to address the House in Committee this afternoon, and I ask unanimous consent that I may extend those remarks and include some tables and quotations therein.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an item from the Farmers' Union Herald, of South St. Paul, Minn.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. ALEXANDER]?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent that in connection with the remarks I shall make upon the pending trade-agreements bill I may be permitted to include in those remarks excerpts from Secretary Hull and other authorities, as well as statistics bearing upon the question.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. LUTHER A. JOHNSON]?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I expect to address the Committee this afternoon on the matter which will be pending before it at that time, and I ask unanimous consent to extend my remarks and to revise same and to include certain tables and figures.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. JENKINS]?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to insert therein an editorial prepared and written by the owner and publisher of two of the largest papers in my district. This deals with a matter in which the Congress is continually interested—the gold surplus.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. JENKINS]?

There was no objection.

Mr. KITCHENS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement on the reciprocal trade agreements program by the National Cotton Council of America.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. KITCHENS]?

There was no objection.

CALL OF THE HOUSE

Mr. DOUGHTON. Mr. Speaker, I make the point of order that there is not a quorum present.

The SPEAKER. Obviously there is not a quorum present.

Mr. DOUGHTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Allen, Ill.	Gifford	Merritt	Sacks
Allen, La.	Grant, Ala.	Mills, La.	Sasscer
Andrews	Green	Monroney	Satterfield
Brooks	Hancock	Mouton	Schwert
Buckley, N. Y.	Harrington	Myers	Shannon
Chapman	Hill	Nelson	Sheridan
Claypool	Holmes	Norton	Short
Collins	Hook	O'Day	Smith, Maine
Darrow	Jarrett	Osmers	Smith, Va.
DeRouen	Jenks, N. H.	Pace	Somers, N. Y.
Dies	Johnson, Lyndon	Patman	Sparkman
Doug'as	Jones, Tex.	Patrick	Steagall
Drewry	Kee	Pittenger	Stearns, N. H.
Dunn	McAndrews	Reece, Tenn.	Taylor
Edelstein	McArd'e	Robinson, Utah	Treadway
Evans	McDowell	Robsion, Ky.	Ward
Fay	Maloney	Rockefeller	White, Idaho
Fernandez	Martin, Ill.	Routzohn	
Gathings	Martin, Mass.	Rutherford	
Gehrmann	Mason	Sabath	

The SPEAKER. Three hundred and forty-eight Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a few brief excerpts.

The SPEAKER. Is there objection to the request of the Delegate from Alaska?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects, in one extension to include an editorial from the American Guardian and in the other to include an editorial from Hour magazine relating to the late Dr. William E. Dodd.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Pasadena Press on the reciprocal-trade agreements.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. KNUTSON. Mr. Speaker, if it is not in conflict with the plans for tomorrow of the chairman of the Committee on Ways and Means, I should like very much, and I ask unanimous consent to be permitted, to address the House for 10 minutes on Finland, immediately following the reading of

George Washington's Farewell Address by the gentleman from New York [Mr. CROWTHER].

Mr. COOPER. Reserving the right to object, Mr. Speaker, this matter should be taken up with the respective leaders of the majority and the minority, I believe.

Mr. BUCK. Reserving the right to object, Mr. Speaker, I should like to inform the gentleman from Minnesota that it is not the intention of the Committee on Ways and Means to continue debate tomorrow.

Mr. KNUTSON. Then, Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on tomorrow.

The SPEAKER. The gentleman from Minnesota asks unanimous consent that on tomorrow, at the conclusion of the legislative program of the day and following any other special orders heretofore made, he may be permitted to address the House for 15 minutes.

Mr. COOPER. Reserving the right to object, Mr. Speaker, I have no responsibility or interest in this matter, but I understand the program for tomorrow has already been arranged. I believe it would be only fair for the gentleman to confer with the gentleman from Texas, the majority leader, and the gentleman from Massachusetts, the minority leader, because the program for tomorrow is already arranged. I hope the gentleman will withhold his request until such a conference can be had.

The SPEAKER. The Chair understood the gentleman to request that at the conclusion of the legislative program of the day he be permitted to address the House. Is that the request of the gentleman from Minnesota?

Mr. KNUTSON. I was going to ask that I be permitted to speak at the close of the reading of George Washington's Farewell Address.

The SPEAKER. Will the gentleman kindly restate his request?

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that on tomorrow, following the reading of George Washington's Farewell Address and any special orders that may have been heretofore entered, I be permitted to address the House for 10 minutes.

Mr. COOPER. Reserving the right to object, Mr. Speaker, did the gentleman make his request for today or tomorrow?

The SPEAKER. Tomorrow, as the Chair understood it.

Mr. COOPER. The observation I just made applies to tomorrow. As I said, I have no responsibility or interest in this matter.

Mr. KNUTSON. If the majority leader is here, he can make an objection. I saw him on the floor a moment ago.

Mr. COOPER. Did he tell you he would object to the request?

Mr. KNUTSON. I say I saw him on the floor, and he has undoubtedly heard my request. He was here a few moments ago.

Mr. WOODRUM of Virginia. Reserving the right to object, Mr. Speaker, would the gentleman be willing to withhold his request until the majority leader is here? I feel pretty confident that similar requests have been denied. Of course, as far as I am concerned, I have no objection to the gentleman's request, but my understanding is that the majority leader was committed that nothing would be done tomorrow except the formal ceremonies. I should be pleased if the gentleman would defer his request.

Mr. KNUTSON. My remarks will have to do with independence. I thought tomorrow would be a very appropriate time.

Mr. WOODRUM of Virginia. I wish the gentleman would defer his request until the majority leader is here.

Mr. KNUTSON. Mr. Speaker, I withdraw the request temporarily, until I can see the majority leader.

EXTENSION OF REMARKS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a few brief extracts from public documents on the pollution bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting therein certain statements made by the National City Bank of New York in reference to the Budget.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made yesterday, and include therein certain tables and extracts from statements of public men.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a radio address by Rabbi Louis Wolsey.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD, and include therein an article appearing in this morning's Times-Herald entitled "The United States Is the Chief Source of Supply."

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the Reserve Officers' Training Corps, and to include therein a brief statement by one of its officials.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD, and include therein an editorial from the Wall Street Journal on the subject of the record of the trade pacts.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

TRADE AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 407, to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended; and, pending that motion, I ask unanimous consent that the time for general debate, already fixed by the House on the joint resolution, may be extended 1 hour, one-half to be controlled by the gentleman from New York [Mr. CROWTHER] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of House Joint Resolution 407, with Mr. WOODRUM of Virginia in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, there was a man who went on a tour and he was advised by his friends to visit a certain forest. When he returned home they asked him how he had been impressed by the forest and he told them that, unfortunately, he could not see the forest for the trees.

It strikes me that, as far as this debate has progressed, the minority has been in the position of that gentleman who

returned from the tour. It is true that they brought back a lot of deadwood with them and they have built a minority report out of it. It is my purpose this afternoon to examine some of the deadwood that they used in the minority report and in the speeches they have made so far and see just what they have recovered out of the forest that they could not see.

Apparently, they have been unable to grasp either the principle or the effect of the trade-agreements program as a whole, but they have here and there been picking away at some detail of its operation, and I may say generally erroneously informed, without viewing the aim and purpose of the original resolution which we are asking you to extend, and with no consistent theory of their own as to how it should be replaced.

One of the outstanding pieces of deadwood that was brought back was the statement that was made by the gentleman from California [Mr. GEARHART], which will be found on page 1694 of the CONGRESSIONAL RECORD, in which he stated that exports of our American agricultural commodities were at an all-time low and imports at an all-time high. The facts and the figures entirely answer that contention. The total of agricultural imports in 1929 amounted to $2,178,000,000. They were, for 1939, only $999,000,000, but there are 5 other years in which the total amount of agricultural imports exceeded 1939.

I insert a table, to be found on page 554 of the hearings, which gives the figures in detail:

TABLE 1.—*"Competitive" and "noncompetitive" agricultural imports into the United States from all countries, fiscal years ended June 30, 1929–39*

[In millions of dollars]

Fiscal year ended June 30	Total imports	Agricultural imports[1]			
		Total[2]	Noncompetitive[2]	Competitive[2]	Percent competitive of total agricultural
1929	4,292	2,178	1,147	1,030	47.3
1930	3,849	1,900	1,010	889	46.8
1931	2,432	1,162	650	512	44.1
1932	1,730	834	459	375	45.0
1933	1,168	614	331	282	46.0
1934	1,674	839	420	419	49.9
1935	1,789	934	436	498	53.3
1936	2,208	1,141	500	642	56.2
1937	2,892	1,537	670	867	56.4
1938	2,331	1,155	567	588	50.9
1939	2,079	999	[3]457	[3]542	[3]54.3
PRINCIPAL COMMODITIES[4]					
1938		1,081	522	559	51.7
1939		931	426	505	54.2

[1] Excludes forest products, except crude rubber and distilled liquors. General agricultural imports through June 1933, excepting wool for which it was necessary to use import for consumption statistics, 1929–33.

[2] The distinction between competitive and noncompetitive agricultural imports is based upon that made by the U. S. Department of Agriculture, Foreign Crops and Markets, May 6, 1939, p. 347, and May 12, 1939, p. 126. Competitive or supplementary imports are defined as "all agricultural imports of a type commercially produced in the United States, or interchangeable in use to any appreciable extent with agricultural products commercially produced in the United States." In addition to the imports ordinarily considered as competitive, the list compiled by the U. S. Department of Agriculture includes such products as jute, coconut meat, copra, babassu nuts, palm nuts, palm nut kernels, tung oil, and others of which there is little or no production in the United States.

[3] Estimated on basis of ratio between competitive and noncompetitive principal commodities in 1939.

[4] Principal agricultural commodities represented about 94 percent of total agricultural imports in fiscal year 1938 and about 93 percent in fiscal year 1939.

Source: Compiled by U. S. Tariff Commission from U. S. Department of Agriculture, Agricultural Statistics, 1939, p. 429, for 1929–38, and Foreign Crops and Markets, Aug. 12, 1939, p. 136, for 1939 and for principal commodities 1938 and 1939.

The gentleman from Minnesota [Mr. ANDRESEN] made the statement that the United States was flooded with imports from the United Kingdom after their depreciation in 1931. The actual figures are that for 1931 the exports from the United Kingdom to the United States amounted to $120,172,000 and in 1932 to $73,441,000. A decrease of nearly $50,000,000 in 1932 does not seem to bear out the statement that we were flooded with imports from the United Kingdom. For 4 months of 1939—September to December—to the United Kingdom, Canada, and France our exports were $88,000,000 more than the same period in 1938. Imports from these countries were up only $36,000,000. This does not look as if there were any unfavorable facts in those figures.

Let me remind you, Mr. Chairman, that the original resolution was adopted "for the purpose of expanding foreign markets for the products of the United States," and that authorization was given to the President under certain conditions, all of which have been complied with, "to enter into foreign-trade agreements with foreign governments or instrumentalities thereof" and to modify such domestic duties and other import restrictions as might be appropriate to carry out these foreign-trade agreements. The purpose of the agreements obviously was to increase our foreign trade and so help overcome domestic unemployment by restoring former export outlets and by providing new ones for American commodities. The minority has either forgotten or deliberately ignored the primary factor involved, that trade, and international trade in particular, was the basis for the original resolution.

Let us review history. In the face of our creditor position, after the World War the party in power in 1921 passed a so-called emergency tariff act, and in 1922 they made the emergency a permanent proposition and revised tariff rates further upward. A fatal blow was inflicted upon international commerce in the restrictions of the Fordney Act of 1922. It was copied by other commercial nations. They tried to pull themselves up to what we then called "perpetual prosperity" by their own bootstraps. The Fordney Act invited and challenged trade reprisals and retaliations. Twenty-seven nations took our cue and boosted their rates. The full damage done to agriculture by the Fordney Act was, however, largely hidden by the billions of our loans abroad from 1923 to 1929, which permitted purchases from the United States, and by this means our foreign trade was increased in spite of the Fordney Act.

During the political campaign of 1928 the Republicans, instead of furnishing safer leadership in keeping with our creditor position, served notice to the world that they intended to add another story to our already high tariff edifice. The result was, after a year and a half of wrangling and unsettlement, the Tariff Act of 1930.

The resentment against this act, a new and wholly unjustifiable tariff boost, was world-wide. Some 33 nations notified us that retaliations would take place. To give only one example, Canada passed a bill through her Parliament providing that her rates of duty on some 130 products imported from the United States would be the same as fixed in the Hawley-Smoot Act. That was the sort of reciprocity the Tariff Act of 1930 called for.

The fears of agriculture and other export interests were swiftly confirmed. Country after country, alarmed at the Hawley-Smoot Act, quickly shot up retaliatory barriers against our exports. Practically every country in Europe equipped itself with devices whereby our products could be blocked overnight. High tariffs with their brood of quotas were imposed. What happened to wheat is typical of what happened to American exports. Germany raised its tariff on American wheat within a comparatively short period from $0.42 to $1.19 and then to $3.84 per bushel. Likewise, France raised its tariff from $0.53 to $0.85 and later to $1.49 per bushel on American wheat. Italy placed its rate on American wheat from $0.73 to $0.87 and then to $1.69 per bushel. Naturally our exports slumped. Agriculture, depending on the foreign market—13 to 16 percent exported—to a greater extent than industry—5 to 8 percent exported—was the principal victim. Trade was soon stagnated and American agricultural prices practically collapsed. Those from the Midwest will readily recall the farm strikes and riots which ensued in 1931 and 1932. Farmers were forced to quit buying the products of industry, and thus we have the principal origin of a depression which not only became Nation-wide but world-wide. Any meager benefit which agriculture may have obtained from the Hawley-Smoot Act was swept away overnight.

Now it can be asserted that the depression which followed that act was not an imported product. The record is definite on that point. Ninety percent of our trouble, like 90 percent of our market, was at home. Furthermore, with the doctrine of self-sufficiency advocated by the party then in power in the United States, other countries were inclined to follow our example and attempted to produce their own foodstuffs and other agricultural products at great expense. Inefficiency was subsidized the world over. Many countries turned first to the production of agricultural products, and that is another factor which makes the American farm problem of the United States more difficult to solve. Inefficient agriculture in foreign countries now has a vested interest in the trade restrictions established in the emergency. That has made the lessening of trade barriers on agricultural products more difficult.

This administration has adopted a moderate middle course between completely retiring from foreign markets and going entirely to a domestic basis which would call for a rather stiff regimentation. If the forty or fifty million acres now in export trade are to be abandoned for a possible 10,000,000 acres to produce some imported products at a higher price, shocking readjustments will have to be made. We have not yet seen anything which looks like regimentation if that policy should be adopted.

The Trade Agreements Act was established to help make the necessary but careful adjustments. The trade-agreements program, which does permit some quantities of carefully selected imports to enter the American market, is not inconsistent with any system of adjustment in domestic production. The two are fairly complementary to each other. The most glaring contradiction with which we must deal is in the thinking processes of those who during the twenties and early thirties claimed that they had the formula for perpetual prosperity by piling higher and higher tariffs against imports and continuing to dump large quantities abroad by means of artificial purchasing power through foreign loans, and at the same time passed trade-destroying tariff acts. The purely temporary success which they had was nullified by the drastic deflation which farmers and the rest of us suffered from 1930 to 1933.

I need cite no better authority than the testimony before the Ways and Means Committee of the gentleman who was brought forward as the chief economist for the minority, Dr. Coulter. I called Dr. Coulter's attention to a paragraph from the World Economic Survey of 1931 and 1932, published by the League of Nations, which reads as follows, pages 2678–79:

The whole movement toward higher tariffs was undoubtedly accentuated both by the alarm and resentment felt in many countries as the discussions of the new Hawley-Smoot tariff dragged on in the United States Congress from May 1929 to June 1930 and by the real effects of that tariff when it went into operation. It was followed by new tariffs in many other countries, among others, Canada, Cuba, Mexico, France, Italy, Spain, Australia, New Zealand. In the case of the British Dominions, higher general tariffs were accompanied by an increased measure of imperial preference, and a general idea of a more extensive system of preferential duties with the British Empire was appreciably advanced.

Dr. Coulter stated:

I remember that and I would say that at that moment that was true.

The witness then proceeded to call the committee's attention to the fact that prior to the enactment of the Hawley-Smoot Tariff Act certain countries had previously put into effect revisions of their import tariffs, and he said, I quote from the hearings, page 2683:

Dr. COULTER. Ever since 1922 it has just been a continuous revision.

Mr. BUCK. I am glad you mentioned 1922; that leads me to ask if that was not the start of this whole business?

Dr. COULTER. Yes.

Mr. BUCK. Of raising the duties, and it is not surprising that other countries began to use the same policy. And that 17——

Dr. COULTER. Twenty-seven.

Mr. BUCK (continuing). Or whatever the number was, raised their tariffs and continued until 1930 and raised them again.

Dr. COULTER. It was a continuous performance from May 1921, when the Congress went into the revision of all the basic agricultural schedules in the Emergency Act of May 27, 1921; and following 1922 there followed through all these European and Latin-American countries.

Mr. BUCK. I know; we are not in disagreement.

Dr. COULTER. It was a continuous performance.

Mr. BUCK. It was a continuous performance.

Dr. COULTER. It was international.

Mr. BUCK. Thank you for supplying the words, because that exactly fits in with the way I felt about it.

Now, if the minority Members, or those opposed to the trade-agreements program, can get any satisfaction out of that testimony of their chief witness they may have it, because there he definitely admits that what this country started in 1921 brought about retaliatory measures in a small way in the succeeding years and that what we did in 1930 finally brought about the great retaliatory measures that eventuated in the general economic collapse that we have been paying for through our nose ever since. We were not realists then. The minority members of the Ways and Means Committee are not today.

Now, let us look at a few of these dead trees that the minority brought back.

Mr. ROBERTSON. Mr. Chairman, is the gentleman willing to yield at this point?

Mr. BUCK. I yield.

Mr. ROBERTSON. Before the gentleman leaves the testimony of Dr. Coulter—Did not Dr. Coulter also admit that he approved the tariff views embodied in Woodrow Wilson's message to the Congress in 1912 and say, "I helped to prepare it"?

Mr. BUCK. He did.

Mr. GIFFORD. Does the gentleman care to yield?

Mr. BUCK. I would prefer to yield later.

Mr. GIFFORD. The gentleman does not care to be rescued from his forest? He is not lost?

Mr. BUCK. I am just beginning to bring into view some of the dead trees. [Laughter and applause.]

The minority report at page 16 stated the depression was due to other causes than the tariff, since the act of 1930 was not passed until after the depression started. One witness even claimed the act was a belated effort in 1930 to prevent the depression from growing deeper. Those who wrote the report have forgotten their own opposition to the so-called limited tariff revision in the fall of 1928, and that the bill was reported to the House in 1929. Did they, in 1928 or May 1929, foresee what was coming in 1930? Obviously they could not have done so.

The minority report contends that free and dutiable imports declined at the same rate during 1929–32. This neglects consideration of very important facts.

As pointed out by the Tariff Commission on page 914 and 915 of the hearings, this comparison is based upon data unadjusted for the following facts:

(1) The Tariff Act of 1930 transferred articles valued at $212,000,000 in 1929 from the free to the dutiable list, and articles valued at $41,000,000 in 1929 from the dutiable list to the free list, a net amount of $171,000,000 of articles transferred from the free to the dutiable list. The unadjusted 1929 data on free and dutiable imports are therefore not comparable.

(2) Import excise taxes were imposed in June 1932 on copper, petroleum, and certain classes of lumber which had previously been free of duty. Thus for about half of the year 1932 imports of such products were included in the dutiable imports increasing the total dutiable imports by the corresponding amount and making the unadjusted 1932 dutiable figure noncomparable with 1929 dutiable imports.

Adjustment of the 1929 and 1932 figures for the above facts leads to a figure of 73.9 percent for the decline in dutiable imports between 1929 and 1932, and of 66.8 percent in free imports, certainly not the same rate of decrease.

The report also claims that farm exports have declined under the trade-agreement program. The answer to this question of how farmers have been helped by trade agreements is found in the minority's own table, on page 17 of

its report, which shows that agricultural exports during the period 1935–36 to 1938–39 averaged $178,000,000 annually above the low of $590,000,000 in 1932–33.

The minority also significantly failed to point out, as shown by their own table, that agricultural exports in 1932–33 amounted to only $590,000,000, while in 1938–39 such exports amounted to $683,000,000.

By means of statistical legerdemain the minority attempts to show that the fiscal year 1932–33 was a good year for agriculture because agricultural exports accounted for 40 percent of our total exports. They cannot escape the fact, however, that agricultural exports in 1932–33 were $1,000,000,000 less than in 1928–29.

The real test of whether American farmers are better off now than they were before the Trade Agreements Act was passed is found in a comparison of cash farm income. From a low of $4,600,000,000 in the calendar year 1932, the American farmer's cash income increased to $7,600,000,000 in 1938 and $7,700,000,000 in 1939, not including benefit payments.

No nation that has started on a policy of self-sufficiency has been able to, or will ever be able to, make it work satisfactorily. Those countries abroad, which seem to have moved ahead in their economic restoration at a slightly faster pace than we have, have done so because their domestic economy has been diverted to an armament program.

I say without fear of contradiction today that every one of these countries, by the very nature of that economy, is on the verge of an economic collapse. The program of self-sufficiency is not only founded on the wrong principle but, if applied to the United States, it is not a practical one. There are many commodities which we must import; for example, rubber. We can grow rubber in California from a plant called guayale, but the cost of manufacture, even according to the redoubtable Dr. Coulter, is prohibitive. I could amplify the list immeasurably. We could grow hothouse bananas, perhaps. Dr. Coulter, on the other hand, admitted that out of 109 countries existing in this world today only 9 were in position to manufacture automobiles in any commercial quantity, and only about 3 could produce prunes in commercial quantities. Thus the rest of the world is fair field for our sales of such divergent articles as prunes and automobiles.

Mr. FADDIS. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. FADDIS. Would the gentleman mind naming those nine countries that can produce automobiles?

Mr. BUCK. I cannot name them now. I find that Dr. Coulter did not name the nine he had in mind.

Mr. FADDIS. I would appreciate it if the gentleman would put that information in the RECORD.

Mr. BUCK. This foreign trade must be promoted, and it can be developed better and in a more advantageous way for our own producers by seeing that trade barriers and import restrictions are not erected against us by foreign countries on automobiles, prunes, and all the other products we produce for export. If such barriers have been erected we must act so that they will be lowered by making concessions on articles that do not materially compete with our home products, or that will not be imported in sufficient quantities to injure our home market.

The success or failure of the trade-agreements program cannot be measured merely by comparing exports with imports. Both imports and exports are clearly intermeshed with domestic production and domestic consumption. Our domestic prosperity depends upon them together, not separately. In this debate this truth has been lost sight of. There is a failure on the part of the minority to follow through the reasoning from the field of foreign trade to our larger domestic field. An obvious economic axiom has been overlooked. That axiom is that the more economic goods the people of a country have the better off they are. I question if there can be any general overproduction. Our goal should be, if it is not already, economic abundance; and by this I mean an economic abundance distributed among various economic groups in geographic areas, if you please, so equitably that the wares of each section of the country find purchasers in other sections. We have pretty well recognized this in connection with our own United States, although I do regret to note that recently efforts to erect trade barriers between our States have been increasing. We must recognize it in connection with our foreign trade.

We should focus our attention on the fact that it is the production of goods rather than the selling of goods to get money that increases the income of our Nation. The selling of goods abroad and receiving of money in return does not in itself serve the purpose of increasing production of goods in this country. It may serve an opposite purpose.

I noted the remarks of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] yesterday on this subject. There are few today who want to see our vast stock of gold increased by more cash for what we sell abroad. Let me call his attention and the attention of the minority to the fact that such procedure actually amounts to giving away our goods and getting more money, and that money is of no value to us unless we can use it to buy goods with. On the other hand, the exchange through mutual trade with foreign countries where we buy their products will increase the total production of useful goods to us; and this, in turn, will serve the purpose of increasing the income of this country.

The minority is fond of saying that the United States is the biggest and most stable market in the world for the goods produced in this country. They say it in a challenging manner, although there is not one Member of the majority that I know of who disputes it.

The fact that reductions in our tariffs have been made so carefully that the home market would not be disturbed, as feared by the minority, was testified to on page 2327 of the hearings by a witness representing an organization opposing the trade-agreements program, who said that few mistakes had been made in the granting of concessions.

But some of the most efficient producing groups in our country, particularly agriculture, have been vitally dependent, and still are, on export markets. In fact, to some of them—and I do not have to go outside of my own State to find an example in dried and canned fruits—the presence or absence of export markets means a difference between operating in the "black" and in the "red." The drying up of foreign markets in the case of agriculture means unsalable surpluses to numerous regions of the country. I call your attention to the testimony of Mr. H. C. Dunlap, vice president and manager of the Dried Fruit Association of California, who appeared before our committee in support of the resolution extending the Trade Agreements Act. I hope every Member of this House who comes from an agricultural district will read his testimony in full. I interrogated Mr. Dunlap as follows, at pages 1911–1912:

> Mr. BUCK. If the export trade in your dried-fruit products were cut off entirely, or materially diminished, it would put a good many thousand fruit growers out of business, would it not?
>
> Mr. DUNLAP. It certainly would. All of these products are capable of being marketed in the fresh state; they are adapted to being marketed in the canned state; they would have other application, in some instances, to an outlet in the fermented field, and very certainly in the distilled field. These fields are already burdened. I imagine, at first, in our struggle to justify the investment that we have in the more or less permanent producing unit—you know you do not pull up an orchard which it has taken you 7 to 10 years to bring into production just because the price goes down in 1 year; so the struggle to find an outlet in the other fields would, as I have said, make for disastrous circumstances in the whole fruit industry.
>
> Mr. BUCK. But even if you were successful in marketing the exportable surplus of dried fruits at home, it would still put some farmer out of business, because it would drive down the price of fresh or canned goods, would it not?
>
> Mr. DUNLAP. When they eat some of my stewed prunes for breakfast, they do not eat grapefruit, and vice versa, although we have interested people in the eating of two fruits for breakfast in the past few years.

What Mr. Dunlap said applies equally to any other agricultural commodity that has an exportable surplus. Put this

country on a so-called self-sufficiency basis and refuse to take advantage of the opportunity for export outlets and every man, woman, and child must increase his consumption not only of dried fruits, but of wheat, lard, cotton, tobacco, and countless other commodities, or have the producers of those commodities divert their energy into competition with dairy and other products which are not on an export basis, and thereby bring about entire economic ruin in agriculture. When foreign markets dry up surplus agricultural commodities prices drop, incomes decline, purchasing power disappears, and the areas in which those export crops are produced are no longer able to purchase the products of other sections of the country. Contraction sets in all along the line. Production is curtailed as markets disappear. Unemployment stalks throughout the land. We know it only too well from our former experience.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. BUCK. For a brief question.

Mr. MURRAY. I am asking to get the record straight. How many agricultural products did the gentleman say were exported in 1932?

Mr. BUCK. The quantity?

Mr. MURRAY. Yes; and in dollars. The gentleman mentioned $500,000,000.

Mr. BUCK. $590,000,000.

Mr. MURRAY. Secretary Hull states $662,000,000.

Mr. BUCK. Well, if there is any error, I shall correct it.

Mr. MURRAY. In 1939 what are the total figures covering the export of agricultural products—$655,000,000?

Mr. BUCK. The total preliminary estimate as put in the report was $683,000 000.

Mr. MURRAY. Which is the lowest of any year we have had?

Mr. BUCK. No; I refer the gentleman to the table I put in at the start of my remarks.

Mr. MURRAY. According to the United States Tariff Commission it is. It is the lowest in 20 years.

Mr. BUCK. I am sorry to disagree with the gentleman. The record is clear. Perhaps the gentleman is using calendar-year figures, while the testimony and the report of the minority are based on fiscal years.

Mr. MURRAY. These are Secretary Hull's figures.

Mr. BUCK. The figure $683,000,000 is used in the minority report, and I am only taking the figures from that report.

Mr. Chairman, I shall decline to yield further, because there are a few matters I want to take up.

Manufacturers of shoes in New England and the makers of glass in Pennsylvania and West Virginia are in a very real sense dependent upon the export outlets for cotton, tobacco, apples, copper, automobiles, and petroleum. It is of vital importance to them that the cotton and tobacco workers in the South, the copper and petroleum workers in the Southwest and the West, the automobile workers of Michigan, and the fruit growers of California, Oregon, and Washington, prosper and have the purchasing power with which to buy shoes and the products containing glass.

Yes, my friends, it is true that the domestic market is the big market and it must be maintained. Those very industries that are insistent that Congress place restrictions upon imports in their own lines would be displaying in the long run self-interest if they concentrated their energies on advocating a policy directed toward creating a large home market. They should actively advocate expansion of the domestic market through increased foreign trade. The important thing to them is not the exact percentage of the home market they supply in connection with imports, for they will always supply practically all of it. The important thing is the net value to them of their total sales.

To paraphrase what one of my former colleagues on the Ways and Means Committee, the distinguished gentleman from Kentucky, Mr. Vinson, said, when this matter was debated in 1937, "Is it not better business to have 90 percent of a million-dollar market than all of a half-million-dollar market?" The average businessman and the average farmer who knows his own best interest—not to mention the welfare of the Nation as a whole—should be, and in spite of the efforts of the minority to delude him, generally is an ardent supporter of the trade-agreements program.

It must be remembered that while the minority speaks of our total exports amounting to only 9 or 10 percent of domestic production, agricultural products are exported to a very much greater degree. I insert at this point a brief table prepared by the United States Tariff Commission showing the annual average value of exports and the proportion of the production exported in the years of 1928–37 in certain agricultural commodities.

Commodity	Annual average value of exports, 1928–37	Proportion of production exported
		Percent
Cotton	$474,900,000	52
Sardines	3,100,000	52
Linseed oil, cake, and meal	7,700,000	47
Dried fruits	26,100,000	40
Tobacco	123,700,000	35
Lard	46,200,000	21
Rice	6,700,000	16
Canned fruit	21,400,000	15
Wheat and wheat flour	82,800,000	11
Apples	20,000,000	8

For the benefit of my own constituents I include the percentage of the total California crop of certain agricultural commodities which is normally exported. These figures were furnished by the research department of the California State Chamber of Commerce:

Barley	30
Rice	15
Cotton	90
Apples	40
Apricots	38
Peaches	15
Pears	27
Prunes	52
Grapes	25
Grapefruit	17
Oranges	10
Asparagus (canned)	15

I also insert the figures on imports and exports of raisins, which is also exclusively a California production as far as the United States is concerned, in detail. This clearly indicates the value of the concessions obtained in trade agreements, and also demonstrates that the concessions given on imports can have in no possible way harmed our home production. Other causes have contributed to a low price for raisins this winter, but no one in fairness can possibly attribute that low price to the operation of the trade-agreement program.

Raisins—Imports and exports

Year	Exports		Imports
	To concession countries	To nonconcession countries	
	Pounds	*Pounds*	*Pounds*
1932	19,748,739	95,705,057	1,361,403
1933	16,103,033	75,110,748	1,069,781
1934	20,562,038	71,686,295	1,002,168
1935	26,419,906	83,200,092	803,489
1936	22,468,747	70,483,615	593,842
1937	41,161,988	104,141,361	617,020
1938	60,032,339	94,702,941	321,518

Source: Bureau of Foreign and Domestic Commerce, Foreign Commerce and Navigation.

In view of these figures, there should be no wonder why disastrous repercussions are felt throughout the Nation when just a few agricultural export markets are lost.

I may say that the same is true of industry. Some of our most efficient industries are vitally dependent on foreign outlets for their products, and since so much of our industry is on a large scale, even a small dislocation in physical volume of output increases the per-unit overhead costs. I insert another table similarly prepared, which indicates a few of the manufactured products, the foreign outlets for which are extremely important:

Commodity	Annual average value of exports, 1928–37	Proportion of production exported
		Percent
Refined copper	$63,400,000	38
Lubricating greases	4,300,000	37
Lubricating oil	72,200,000	31
Typewriters and other office appliances	31,800,000	31
Crude sulfur	10,900,000	28
Aircraft and parts (except engines)	12,800,000	24
Kerosene	39,000,000	21
Printing and bookbinding machinery	11,000,000	20
Agricultural machinery	63,600,000	19
Automobiles	271,100,000	7

The minority report felt that the trade-agreement program should be studied. I think it might profit the minority members if they would study the majority report, in which they will find a complete refutation of their threadbare, discredited tariff policy. What they have said and what they will continue to say in their speeches is mere repetition in the hope that finally if repeated long enough somebody will believe they are right. In this respect, I am reminded of the poem by Lewis Carroll called The Hunting of the Snark.

The captain went out with his crew to find the snark and that is what the minority members are trying to do. I read you these opening lines:

"Just the place for a snark!" the Bellman cried,
As he landed his crew with care;
Supporting each man on the top of the tide
By a finger entwined in his hair.

"Just the place for a snark!" I have said it twice:
That alone should encourage the crew.
"Just the place for a snark!" I have said it thrice:
What I tell you three times is true.

That seems to be the system on which the minority is developing its argument, but not only are they like the captain in that respect, they were like him in another respect. He had his own principles of navigation; so does the minority.

He had bought a large map representing the sea,
Without the least vestige of land;
And the crew were much pleased when they found it to be
A map they could all understand.

"What's the good of Mercator's north poles and equators,
Tropics, zones, and meridian lines?"
So the bellman would cry; and the crew would reply
"They are merely conventional signs!"

"Other maps are such shapes, with their islands and capes!
But we've got our brave captain to thank."
(So the crew would protest) "that he's bought us the best—
A perfect and absolute blank!"

The chart which should govern the course of our Nation as offered by the minority Members is just such a blank. They do not like this and that in the trade-agreements program, but in 3 days of debate they have not offered one constructive thought as to what should be done to further improve the status of labor, industry, or agriculture.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BUCK. It would not be possible for one who represents one of the chief agricultural States in the Union, and a congressional district noted for its agricultural products, to pass over the relationship of American agriculture to the trade-agreements program. As a farmer myself I have not prospered in the past year or two, but I cannot blame that lack of prosperity, in all fairness, on anything that the reciprocal trade agreements program has done or has failed to do. Climatic conditions in California during 1938 and 1939 were far from ideal, and resulted, particularly in my own section of the State, in poor crops and heavy losses by farmers. Yet it is interesting to note that for the State as a whole the farm income for 1939 was some $20,000,000 greater than for 1938. The losses that have been sustained have been larger in crops that we have hitherto grown for export, where import restrictions, higher duties, or blocked exchanges by foreign countries with which we formerly did business have prevented the usual flow of commerce. It is interesting to note that while no agreements have been made with countries of this type that agricultural exports other than cotton have increased materially with the countries with which agreements have been made. A little bit later I shall submit some tables for the information of the Committee which will indicate what has been done in certain specific instances in the way of increasing agricultural exports. Before doing so I want to review briefly the trends in foreign trade in agricultural products.

The United States imports and exports of agricultural products reached their all-time peaks in 1920, when they were valued at $3,410,000,000 and $3,850,000,000, respectively. While imports fluctuated around $2,000,000,000 per year throughout the twenties, exports dropped below imports for the first time since 1900 in 1923, and with the single exception of the year 1925 have remained below imports continuously since that date. Excess of agricultural imports over exports, therefore, can in no way be attributable to the trade-agreements program. The low point in our international agricultural trade was reached in 1933, when imports amounted to $614,000,000 and exports to $590,000,000. I insert here the figures in detail:

United States foreign trade in agricultural products

[Millions of dollars]

Year ended June 30—	Imports	Exports
1919	1,930	3,579
1920	3,410	3,850
1921	2,059	2,606
1922	1,370	1,915
1923	2,077	1,798
1924	1,875	1,867
1925	2,057	2,280
1926	2,529	1,892
1927	2,281	1,903
1928	2,194	1,815
1929	2,178	1,847
1930	1,900	1,496
1931	1,162	1,038
1932	834	752
1933	614	590
1934	839	787
1935	934	669
1936	1,141	766
1937	1,537	732
1938	1,155	891
1939	999	683

Source: Compiled from official statistics of the U. S. Department of Agriculture.

It is interesting to note also that exports of agricultural products have represented a higher percentage of domestic production than exports of nonagricultural products. In 1929

and the earlier years exports amounted from 14 to 17 percent of the commercial production of agricultural commodities, as compared with 7 to 10 percent of nonagricultural commodities. Although the percentage of agricultural commodities exported has declined recently, the percentage exported has still remained greater than that of nonagricultural exports. This decline of agricultural exports is widely attributed to nationalistic measures, which many of the principal nations of the world have adopted with a view to their own supposed self-sufficiency. The necessity of checking such developments and of preserving the foreign markets which remained for the United States exports was one of the principal reasons for the adoption of the trade-agreements program, and is one of the principal reasons for continuing the authority to carry on the program.

I insert herewith a table which gives the figures in detail:

United States production and exports of agricultural and nonagricultural commodities

[Values in millions of dollars]

Year	Agricultural			Nonagricultural		
	Production	Exports	Percent exported	Production [1]	Exports [2]	Percent exported
1923	11,041	1,820	16.5	30,150	2,270	7.5
1925	11,968	2,136	17.8	30,878	2,683	8.7
1927	11,616	1,885	16.2	31,585	2,874	9.1
1929	11,941	1,693	14.2	35,985	3,464	9.6
1931	6,968	821	11.8	22,067	1,557	7.1
1933	6,128	694	11.3	16,288	953	5.9
1935	8,010	748	9.3	22,096	1,495	6.8
1937	[3] 9,253	797	8.6	30,614	2,501	8.2
1938	[3] 8,162	828	10.1	(4)	2,299	(4)

[1] Includes minerals, plus the value added to all products by manufacturer.
[2] Includes agricultural products exported in manufactured form, a part of which should be classified as agricultural exports.
[3] Estimated from preliminary data of the U. S. Department of Agriculture.
[4] Not available.
Source: U. S. Department of Commerce.

On November 1, 1939, trade agreements were in effect between the United States and 18 countries having 32 possessions. In 1937, the last year for which complete statistical break-downs are readily available, export to trade-agreement countries of agricultural products on which concessions have been obtained accounted for 74 percent of the total agricultural exports. The following table is illustrative:

Exports of agricultural and nonagricultural products in 1937 [1] according to trade-agreement concessions received by the United States as of Nov. 1, 1939

	Agricultural	Nonagricultural	Total
	Value in millions of dollars		
Total exports to all countries [1]	798	2,501	3,299
Total exports to trade-agreement countries [2]	507	1,241	1,748
Exports of trade-agreement items [3]	374	608	982
Exports of non-trade-agreement items	133	633	766
	Percent of total exports to trade-agreement countries		
Total exports to trade-agreement countries	100	100	100
Exports of trade-agreement items [3]	74	49	56
Exports of non-trade-agreement items	26	51	44

[1] The year 1937 was taken because it is the latest for which published data are readily available.
[2] United States exports were obtained from the import statistics of foreign countries and eliminate, therefore, transshipments and similar distorting factors.
[3] "Trade agreement items" consist of those commodities for which concessions (i. e., duty reductions, quota increases, and binding of existing customs treatment) were obtained from the country to which the commodity was exported.
Source: Adapted by the U. S. Tariff Commission from data compiled by the U. S. Department of State.

Among these concessions, all of which are set out in detail in the hearings, are reductions from 30 to 100 percent of the duty in the principal foreign markets of United States exports of fresh vegetables, apples, pears, lard, wheat, oats, grapefruit, and oranges. In order to obtain these concessions from foreign countries the United States made concessions on imports including, in some cases, the binding of existing tariff treatment on imports of agricultural products which represented 48 percent of the total agricultural imports, but it is important to note that the existing tariff treatment on 40.8 percent of the total was bound, and reductions in duty were made on only 7½ percent of the total agricultural imports. This surely should be a sufficient answer to those who have been claiming that the farmer is being "sold down the river." I insert the figures in detail:

Imports for consumption of agricultural and nonagricultural products in 1937 according to trade-agreement concessions granted by the United States as of Nov. 1, 1939

	Value of imports			Percent of total		
	Agricultural	Nonagricultural	Total	Agricultural	Nonagricultural	Total
Dutiable imports:						
Duty reduced [1]	$118,000,000	$310,000,000	$428,000,000	20.0	47.2	34.4
Duty bound [1]	24,000,000	49,000,000	73,000,000	4.1	7.5	5.9
No action [2]	447,000,000	297,000,000	744,000,000	75.9	45.3	59.7
Total dutiable imports	589,000,000	656,000,000	1,245,000,000	100.0	100.0	100.0
Duty-free imports:						
Bound free [1]	620,000,000	539,000,000	1,159,000,000	62.6	69.5	65.7
No action	370,000,000	236,000,000	606,000,000	37.4	30.5	34.3
Total duty-free imports	990,000,000	775,000,000	1,765,000,000	100.0	100.0	100.0
Dutiable and duty-free imports:						
Duty reduced [1]	118,000,000	310,000,000	428,000,000	7.5	21.7	14.2
Existing treatment bound [1]	644,000,000	588,000,000	1,232,000,000	40.8	41.1	40.9
No action [2]	817,000,000	533,000,000	1,350,000,000	51.7	37.2	44.9
Total dutiable and duty-free imports	1,579,000,000	1,431,000,000	3,010,000,000	100.0	100.0	100.0

[1] Includes all trade agreements in effect as of Nov. 1, 1939. The agreement with Czechoslovakia (termined Apr. 22, 1939), with Nicaragua (terminated Mar. 10, 1938), and with Venezuela (not effective until Dec. 16, 1939) are not included.
[2] Includes sugar from Cuba upon which the reduced duty originally provided was suspended on Sept. 12, 1939.
Source: Adapted by the U. S. Tariff Commission from data compiled by the State Department.

Even under the most favorable circumstances it could not have been expected that the full effects, beneficial or otherwise, of the trade-agreement program could be demonstrated until the figures for the year 1939 are completed. Cuba alone had concluded a trade agreement with the United States during 1932, and only four additional countries were brought in by the close of 1935. It was not until January 1, 1939, that the agreement with the United Kingdom, which is by far the largest market for American agricultural products, became effective. But circumstances have not been as favorable as could have been hoped for. Conditions in 1933 through 1936 were certainly not normal in our agricultural

regions. We had a succession of the most severe droughts in history. The American farmers had the unique experience of having to resort to imports to supply the feed and seed needed to carry on operations, and as we were getting back into more normal conditions in 1937–38 and looked forward hopefully to 1939 the outbreak of war in western Europe disrupted the usual channels of trade.

In the 5 calendar years, 1935–39, exports of agricultural products increased from $748,000,000 in 1935 to $828,000,000 in 1938. Foreign hostilities in 1939 operated to reverse the upward trend. The United Kingdom, Canada, France, Germany, and Japan have usually taken over two-thirds of the United States agricultural exports. The import restrictions, such as those on cargo space, exchange control, and import licenses, by these and other belligerent nations have been used in favor of vital war materials, and to the detriment of our agricultural exports. It is not to be wondered at, therefore, that these exports declined in 1939 to a preliminary estimate of $683,000,000. The trade-agreements program, however, cannot by any stretch of the imagination be made accountable for this decline, which is due entirely to world war conditions. It should be noted, moreover, that the decline was due entirely to a decline in cotton exports, which fell off for reasons peculiar to that commodity. Exports of agricultural commodities, other than cotton, actually had increased from $345,000,000 for the year ending June 30, 1934, to $505,000,000 for the year ending June 30, 1939.

In comparing imports with exports of agricultural products for the purpose of indicating the net balance of commodity trade, attention should be drawn to the competitiveness of the items composing these two groups. Included in imports as agricultural products are numerous articles not produced on United States farms, such, for example, as rubber, coffee, cacao beans, silk, bananas, and tea. In the year 1938, the latest year for which complete statistics are available, these six products alone accounted for $427,000,000 of the total agricultural imports, which were approximately $956,000,000 in value. The fact that these products do not compete with the products of the United States is indicated by the tariff law of 1930, which provides for their entry into this country free of duty. In 1939 the total agricultural products admitted into the United States free of duty, and hence to be classed as noncompetitive, were valued at $755,000,000, and constituted two-thirds of the total agricultural imports. As American agriculture reestablishes itself on a more nearly normal basis and the effects of the drought years are removed, these noncompetitive free products become a relatively larger part of the total agricultural imports. Imports of dutiable products, such as corn and barley—on which I, incidentally, note no concessions were ever made by the United States—decline or disappear entirely during years of normal production at home. Duty-free agricultural imports consist of products which are not generally produced in the United States. Therefore, it is the comparison of dutiable imports with exports which properly indicates the net position of American agriculture with respect to foreign trade. Agricultural exports have exceeded dutiable agricultural imports in every year during the 1935–39 period—on the average, by $299,000,000 each year. Using the year 1935 as a base of 100, dutiable imports of agricultural products declined to 84 in 1939. It appears, therefore, that the attempt of the minority to argue that American agriculture has been damaged by the trade-agreement program is one that must fall flat. Even over this period, when trade agreements were only partially operative, American agriculture was not damaged by an increase in dutiable imports, and, of course, could not be damaged by an increase in nondutiable imports, because these are brought in for the benefit of the American manufacturer and consumer. The following table is illustrative:

Imports (free and dutiable) and exports of agricultural and nonagricultural products, 1935–39

Year	Imports for consumption							Exports of domestic merchandise		
	Total	Agricultural			Nonagricultural			Total	Agricultural	Nonagricultural
		Total	Free	Dutiable	Total	Free	Dutiable			
	Value in millions of dollars									
1935	2,039	1,106	675	431	933	531	402	2,243	748	1,495
1936	2,424	1,307	766	541	1,117	619	498	2,419	710	1,709
1937	3,010	1,579	990	589	1,431	775	656	3,298	797	2,501
1938	1,950	956	634	322	994	549	445	3,058	828	2,230
1939	2,276	1,118	755	363	1,158	642	516	3,124	656	2,468
	Relatives 1935=100									
1935	100	100	100	100	100	100	100	100	100	100
1936	119	118	113	126	120	117	124	108	95	114
1937	148	143	147	137	153	146	163	147	107	167
1938	96	86	94	75	107	103	111	136	111	149
1939	112	101	112	84	124	121	128	139	88	165

Source: Compiled by U. S. Tariff Commission from statistics of the U. S. Department of Commerce.

In the limited time at my disposal it is impossible to detail the increased exports of agricultural products that have resulted from the trade agreements. I do want to take time enough, however, to call the Committee's attention to a few striking examples which completely refute the idea of the minority that there has been a decline in agricultural exports.

In 1933 there were exported to Cuba $217,000 worth of hams and shoulders. The 4-year average through 1938, since the agreement, is $469,000.

In 1933 we exported potatoes to Cuba in the amount of $208,000. The 4-year average since the agreement is $596,000.

In 1933 we exported to Cuba $30,000 worth of fresh grapes and $9,000 worth of raisins. The 4-year average since the agreement has been $86,000 and $26,000, respectively.

In 1933 we exported to Cuba $583,000 worth of rice. The 4-year average since the agreement has been $2,860,000.

In 1933 we exported to Cuba $818,000 worth of lard. The 4-year average since the agreement has been $3,864,000.

So much for Cuba.

Let me take a few selected figures elsewhere. Tobacco to France. The 2-year average before the agreement was $2,528,000. The 2-year average after the agreement was $3,189,000. The 2-year average for raisins exported to France before the agreement was $244,000. The 2-year average after the agreement was $504,000.

Let us look at Canada for a minute. In 1935, the year before the agreement, the value of our exports of tomatoes was $293,000. The 3-year average since the agreement was signed is $543,000.

The value of potatoes exported to Canada in 1935 before the agreement was $140,000. The 3-year average since the agreement was signed, $272,000. The value of fresh vegetables not specifically provided for, exported to Canada, rose from a 3-year average before the agreement of $1,943,000 to $3,137,000.

Grapefruit increased from a 3-year average of $747,000 before the agreement to a 3-year average of $1,203,000 after the agreement. The export of fresh grapes increased from $605,000 for the 3-year average before the agreement to $939,000 to the 3-year average after the agreement.

I return to some of the products that are of particular interest to my own constituents. The exports of raisins to Sweden increased from a 3½-year average before the agreement was signed of $382,000 to a 3½-year average after the

agreement was signed of $548,000. To this country the export of canned pineapples increased on the same basis from $61,000 to $105,000. Too, the export of fresh grapes increased on the same basis from $8,000 to $80,000, and it is noteworthy that in the case of both raisins and grapes there was a continuous annual increase.

The export of dried prunes to the Netherlands in the 2-year period before the agreement was signed averaged $450,000. In the 2-year period after it was signed, $602,000.

In the case of Belgium, dried prunes increased from an export value averaging $355,000 in the 3-year period preceding the agreement to $507,000 in the 3-year period after the agreement. Export of dried apricots to Belgium increased from a 3-year average before the agreement of $182,000 to a 3-year average after the agreement of $313,000.

I could go on down the line with specific items, but it would unnecessarily tire the Committee. The figures are practically all in the RECORD, and if those for any individual commodity have not been put in the RECORD, they are available from the Bureau of Foreign and Domestic Commerce, Tariff Commission, and other Government agencies. There is no agricultural commodity grown in this country which has been developed on an export basis which has not benefited by the trade agreements, and I feel safe in saying that the interests of agricultural commodities which are on a domestic basis have not been adversely affected by the treatment accorded foreign nations in connection with the relatively minor amount of imports of such commodities as come into this country. Others have pointed out the extreme care with which our negotiators have worked out these agreements, and I am satisfied they will continue to exercise that same degree of care if this resolution is passed and their authority extended. Failure to extend it at this time would be tantamount to admitting that we were going back to the alleged self-sufficiency and isolationist theory, which, as I endeavored to show at the outset of my remarks, is one that not only does not work out satisfactorily but one which has previously brought about the severest damage to agriculture and the greatest amount of unemployment this country ever knew.

If there was an emergency in 1934, and I do not believe anyone denies there was when this resolution was originally passed, an emergency in view of World War conditions exists now, and the problems we have to meet after the World War are already in view. This emergency demands even more strongly than that of 1934 that the present authority to make trade agreements be continued with the thought that if it cannot be used in the immediate future, in view of world conditions, it will be available when the carnage abroad has ceased and peace may come to this troubled world. It can be and will be used as our contribution to that peace. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I desire to be perfectly fair to those Members on the Democratic side of the House who urge the extension of the Trade Agreement Act. We on the Republican side of the House are fully aware that you take great pride in pointing to the increase in certain items of export. It is not our purpose in this debate to minimize the increase in volume of certain exports, nor is it our intention or desire to claim any credit for these particular increases. Furthermore, we shall assume no responsibility for the ghastly uses to which they have been put. The credit, the consequences, and the entire responsibility for the increase in exports of munitions of war and essential war materials is all yours.

I hope you will be as fair with the Republican side of the House in presenting your case by placing such exports as are used exclusively for peaceful pursuits in one category and those used for war and mass murder in another. Lest you have difficulty in making this distinction, I respectfully call your attention to the fact that in October 1939 the United States sold no copper to Russia, but in November we exported to Russia copper valued at $1,082,000, and in December last she bought $4,376,000 worth of this metal from us.

Surely, in view of the Russian-Finnish situation, you knew perfectly well the purpose for which this essential war material was to be used, and you now know the purpose for which it is being used. In point of time, you cannot mistake its use, for it was at 8:30 a. m. on November 30 that the Union of Soviet Socialist Republics invaded Finland. These exports, to which you point with pride, were well-timed.

We hear much these days about moral embargoes, except on copper; and I would assume that the Secretary of State has much influence with the copper barons, for these interests apparently have much influence with him, as evidenced by his advance assurance that their tariff schedules would not be disturbed in an impending trade agreement. This was the first instance, so far as the public has ascertained, where the Secretary of State disclosed in advance his proposed action or nonaction on any given commodity.

Russian credit rating in our market ought to be excellent, because the United States is purchasing her gold for $35 an ounce, which costs the Russian Government about $11 an ounce to produce. I am sure that the taxpayers of this country who are financing Russia by paying her a profit of $24 an ounce for gold must realize, with a deep sense of humiliation, the part that they are forced to play on the side of Russia in her war against Finland.

I deplore the fact that there should be a steady release of propaganda emphasizing our increased exports without clearly revealing to the public the part played by our traffic in bloodthirsty war materials.

Mr. Chairman, I voted against the first Trade Agreement Act. I voted against the next extension of it, and I am opposed to this proposed extension unless it shall be so amended as to provide that all future trade treaties shall be ratified by the Senate or by both branches of Congress.

Now, then, with this observation I shall soon deviate a few minutes to further analyze the items of exports which you on the Democratic side stress with so much vigor and party pride. In the meantime let me ask, Why do you present your case in statistics and thus adroitly conceal from the public the part your exports are playing in the great tragedy now being enacted in Finland? The stand made by the Finns in defense of their homeland against the Russian hordes will go down in history as an event comparable to that of the 300 immortals who fought, bled, and died at Thermopylae. Will it be recorded also that the Finns lost because they, too, were betrayed by treachery?

The exports of which you boast, when analyzed in terms of human anguish, present a shameful and ghastly spectacle. Reflect, you Democrats who profess to love liberty, upon the stain you have placed upon the record of this Republic for war exports—and all in the name of gold and profits.

The press informs us that 500 planes at regular intervals roar over the peaceful villages of Finland, dropping crates of bombs to terrify, maim, and kill defenseless women and children. These planes, hundreds of them driven by American engines, propelled by American gas, and loaded with American munitions represent a vast increase in our exports to Russia. Do you dispute the fact that United States of America gasoline is enlisted on the side of Russia against Finland? If you do, look at the figures on exports:

Exports of petroleum and petroleum products to Union of Soviet Socialist Republics (Russia)

1934	$237
1935	3,000
1936	1,301,000
1937	[1] 3,726,000
1938	[1] 3,104,000
1939	[1] 1,956,000

[1] 91 percent refined gasoline.

I may say, also, that if the Russian viewpoint is correct, which is this—that the importation of war materials from the United States is equivalent to the use of so much American manpower against Finland—then how can we escape

from the charge that our country is one of Russia's most helpful allies?

You may look with pride upon the following table of your exports of aircraft, aircraft engines, and parts to Russia over the period of the last 5 years:

Aircraft and parts (except tires and parachutes)—United States exports to Germany and Union of Soviet Socialist Republics, 1934–39 (11 months)

Year	Aircraft		Aircraft engines		Aircraft parts, instruments and accessories (except tires and parachutes)	Total
	Number	Value	Number	Value		
UNION OF SOVIET SOCIALIST REPUBLICS						
1934			405	$1,650,591	$1,625,899	$3,276,490
1935	2	$179,719	21	120,183	720,301	1,020,203
1936	1	117,676	11	58,308	91,727	267,711
1937	10	1,419,116	20	226,817	1,566,325	3,212,288
1938	13	1,969,766	19	171,969	3,029,568	5,171,303
1939 (11 months)	13	1,959,449	17	146,408	686,766	2,792,623

Includes no shipments after August 1939.

Source: Compiled from official statistics of the U. S. Department of Commerce.

I repeat, for sake of emphasis, that the Republican side of the House disclaims all responsibility for the export of bombing planes, bombing engines, copper, and your whole category of mass-murder implements of war. We are not in alliance with Japan and Russia in their wars of aggression.

The press reports that the Mannerheim line is bending. Are your exports bending it? Do you feel that by swelling your exports of war materials to Russia that the Mannerheim line will not only bend but break? Is it not too much to ask, even of the superlative heroism of the little Finlanders, that they hold the Mannerheim line while our superbombing planes destroy their mothers and babies behind the line? But then, you will say, it is cash on the barrel head for our war exports, is it not?

I insist at this point that the official records shall, in part, at least, disclose to the public the contribution which the Roosevelt administration has made to the holocaust in Finland.

Mr. Chairman, there is another tragedy being enacted in the Far East. I refer to a peaceful, inoffensive people known as the Chinese, who have long looked to us as their friend and good neighbor.

May I say at this point for the benefit of our high officials, that a war is raging in China? China is in a death grapple with an aggressor nation. I make this startling disclosure to enlighten President Roosevelt. It is passing strange that what the whole world has known since the Japanese scaled the walls of Nanking in December 1937 has been a dark and mysterious secret to the Roosevelt administration. The exports of war materials by the United States to Japan, however, have not escaped the notice of official Washington. The volume of these exports shipped to warring nations are cleverly concealed to swell the export totals in support of the trade-agreement program.

What we ask is that you, in fairness to the public, segregate the mass-murder exports to Japan and hold them up to public gaze. We want you to let the public know to what extent your exports have contributed to the devastation of China. I hope that modesty will not prevent you from claiming full credit for exporting to Japan in 1937 not less than 54 percent of her essential war materials. This you must admit enabled Japan to prepare for the rape of China. But you did even better in 1938, for during that period, when the Chinese were making a desperate resistance to the invader you exported to Japan 56 percent of her importations of essential war materials.

Mr. Chairman, far be it from me to withhold any fact for which this administration should have the sole credit. I admit that, without your exports, Japan could not have killed during the year 1938 approximately 1,300,000 Chinese and in addition to this have wounded and crippled 400,000 more.

Mr. GIFFORD. Mr. Chairman, I make the point of order that a quorum is not present. This speech is too good for the other Members to miss.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum.

Mr. REED of New York. You may study with pride the following table of exports of aircraft, aircraft engines, and parts to Japan over the period of the past 5 years:

Aircraft and parts (except tires): [1] United States exports to Japan, 1934–39 (11 months)

Year and country	Aircraft		Aircraft engines		Parachutes and parts	Aircraft parts, instruments and accessories (except parachutes and tires)[1]	Total
	Number	Value	Number	Value			
JAPAN							
1934	6	$160,228	5	$36,161		$124,173	$320,562
1935	4	242,161	25	141,339	$3,342	563,535	950,377
1936	[2] 11	[2] 449,944	20	119,695	125	419,336	989,100
1937	12	966,132	56	366,940		1,150,874	2,483,946
1938	66	5,515,439	56	466,398	26,075	5,054,565	11,062,477
1939 (11 months)	1	32,000				2,377,840	2,409,840

[1] United States exports of aircraft tires are not separately reported but are included in a basket clause "Other casings and tubes," which also includes tires and tubes for bicycles, tractors, etc. Total exports under this class to China in 1938 amounted to 33 units valued at $743 and to Japan, 163 units valued at $6,758.

[2] Includes 9 valued at $123,594, and 2 (seaplanes) valued at $326,350.

Source: Compiled from official statistics of the U. S. Department of Commerce.

With all your boasted exports of war materials to Japan, the Chinese by their heroic fight in defense of their home soil have so reduced the resources of her invader that even the length of a match stick and the skin of a rat are important economic factors in the national life of Japan. Fortunate for Japan and most unfortunate for China is the fact that the Roosevelt administration has seen fit to submerge the moral question for commercial considerations.

May I remind you, lest you chide me for not being specific, that the Japanese bought from the junk yards of the United States during the year 1937 iron and steel junk amounting to 1,865,918 tons, for which they paid $35,462,000. In the first 5 months of 1938 Japan purchased from the United States 690,000 tons of iron and steel, for which it paid $11,632,000.

Surely, no Democratic Member of the House will challenge this statement, appearing in the New York Times under date of July 24, 1938:

> In these 5 months Japan's purchases of other raw materials have included 466,000 bales of cotton, the price of which was $24,436,000; crude petroleum, 11,729,000 barrels, for $16,464,000; automobile parts and accessories, $1,935,000; steel ingots, sheet bars, etc., not containing tungsten, $2,032,000; pig iron, $2,166,000; motor fuel, $1,935,000; gas and fuel oil, $2,638,000; and lubricating oil, $1,100,000.
>
> When various other raw products, all of them essential war materials, are added, the total of such purchases for the first 5 months of this year amounts to about $73,000,000. In the corresponding months of 1937 the total of these purchases was approximately $102,000,000.

While you are padding your export figures with this war traffic, do not forget that the United States is going to be the most hated nation in the world. We shall be hated by those who have suffered from our war exports of death and destruction; despised as a Shylock by those from whom you are extracting blood money to obtain war materials. Why then, in the name of Heaven, do not you be honest about it and discard the pious peace argument of your trade-agreement program, which you invented only as an afterthought, an excuse for your discredited and ruinous economic theory?

Furthermore, is there any evidence that opening our markets to cheap foreign goods will insure peace? Your theory that increased trade will prevent wars is exploded by the fact that China was Japan's best customer in 1937, that the United Kingdom was Germany's second best customer, and France her fourth best customer in that year.

Mr. Chairman, there is going to be an end some day to the war now raging in Europe and in the Far East—then

what? What position will our laboring men and our farmers face then? The Republicans have been severely criticized by the Democrats because we object to letting you again ruin this Nation with a free-trade program. Your party enacted the low-tariff Underwood bill prior to the last European war and it was on the statute books when the World War ended in 1918. I shall not attempt to describe the condition of American labor and the American farmer when the World War came to a close. I prefer, and I am sure you would much rather have a distinguished Jeffersonian Democrat of the South portray that low-tariff disaster. After pointing out that the war acted as an embargo, thus protecting the American market from foreign imports, he continues as follows:

But after the war was over, after the vessels of the Old World were released from their burdens, to fly the shipper's flag, after Europe caught up in production and had something to sell us, England with her surplus lying in warehouses, Australia with an abundance of wool, South America with cheap meats, and the Far East with vegetable oils, all turned to the land of gold—to America, the only power in a position to buy extensively—and commenced "dumping" their wares upon our shores.

Then we felt the cold winds of open ports. We were producing tremendously with the highest-priced labor in the world and we suddenly found ourselves confronted with markets for what we had to sell, absolutely lower than the cost of production. A situation was immediately brought about which beggars description. Ruin run riot from the Atlantic seaboard to the Pacific coast.

This would not have happened with a protective tariff policy in effect. Those goods which drove the home people out of business could not have reached our markets at such a demoralizing price. The duties would either have held them back, or raised the price to a level that would have given the American a chance to come out whole. It was a clear demonstration of the ruinous policy of free trade or tariff duties too low to protect, but the lesson was given to us at a tremendous price. Fortunes representing the savings of a lifetime were swept away overnight. Farmers who had followed the plow through heat and cold, who had produced as patriots in obedience to the request of their Government, were unable to get in enough revenue on their crops to pay for the planting and harvesting. Stockmen, rich and powerful one day, found themselves almost the next without any credit and without any equity in their vast herds roaming the broad prairies and thousand hills. The work of years was wasted, the earnings of the hazardous task of a midnight guard and riding by the running steers when the deadly lightning played upon their horns, were scattered in the winds of tariff heresy.

The lesson was brought home again to all lines of endeavor. But faith in certain industries was almost destroyed. The stout-hearted could see little ahead to make them hope. The wreck seemed almost as complete as that of a city with its walls shaken down by the tremors of an earthquake. Great Britain, France, Italy, the Orient, the Argentine Republic, New Zealand, and the Tropics were "picking" out markets, while we were tied to a tree of cost production and could not reach them without sacrificing everything.

Mr. Chairman, this indictment of a low-tariff policy comes from a Democrat who saw the suffering caused by the Underwood Tariff Act which your party placed upon the statute books.

I must point out, however, that when the World War ended the tariff-making function of Congress had not been surrendered to the Executive. The low rates had not been frozen by trade treaties, as they are today. Congress had not then stripped itself of power to defend and protect the people from the devastating effect of foreign imports.

I would remind my Democratic colleagues that when the Congress saw the ruin the free-trade Tariff Act had wrought it enacted an emergency Tariff Act to stop our market from being glutted with foreign goods, but President Wilson vetoed the bill.

Then under a Republican administration the Fordney-McCumber Tariff Act was adopted, approved by President Warren G. Harding.

Mr. Chairman, if I were to tell you how the Fordney-McCumber Act revived business and restored prosperity, you would denounce me for making a political speech. Ah, but I have a witness from your own party and a Democrat whose testimony I present to you. Here is what a Texan had to say with reference to restoration of business, agriculture, and industry following the enactment of the Fordney-McCumber Tariff Act. Here is what a southern Democrat has to say:

The first year of the law's operation marked one of the most remarkable come-backs in the producing and industrial circles of this country that was ever staged. In fact, the law had not been on the statute books more than 6 months until our factories were running at full blast, and the labor surplus which threatened the peace and happiness of America had entirely disappeared. And by the time it had been there 12 months the sheep-and-wool industry showed complete recovery and agricultural conditions in the South were far more satisfactory.

The cotton and peanut producers of Texas, Mississippi, Alabama, Arkansas, Georgia, Tennessee, Virginia, and the Carolinas were enjoying unparalleled prosperity, and as a result those States rivaled each other for development programs more extensive than any of them ever dreamed of a year earlier.

Mr. Chairman, why do you Democrats insist upon continuing a free-trade tariff program such as you are attempting to do by extending the Trade Agreement Act for 3 years when you know from experience under it that you will bring further ruin to agriculture and industry by still further lowering tariffs?

Do you not recall that following the passage of the Fordney-McCumber bill in September 1922, that in May 1923 a commission of southern Governors and commissioners of agriculture traveled all the way to Washington and told President Harding that they were doing well since a duty had been placed on vegetable oils, and urged that the schedules as they then existed be not disturbed? You know that. Yet here you are hell bent for election and free trade. I want you to take to heart this picture of the sorry plight in which you have already placed agriculture under your free-trade agreements.

Mr. Chairman, I call attention to a few pertinent facts to show the injury to our farmers caused by imports. The farmers are aware of the damage they have suffered, even if you who voted to lower the duties on imported farm products do not realize it. The total cash income of the United States farmers in 1938 from farm products marketed, including payments to farmers by the Government, was estimated by the Department of Agriculture as $7,632,000,000. This is a decline from the cash income of 1937 received, which was $8,574,000,000, or a loss to the American farmers in 1 year of $942,000,000.

It must be remembered, too, that of the amount received by the farmers in 1937, the taxpayers, of whom they are a part, contributed $366,000,000; that in 1938 the taxpayers contributed $482,000,000. Thus the decline represents a drop of 18 percent in money received from crops marketed, and a drop of about 8 percent in the amount received from livestock and livestock products.

Mr. Chairman, what is the answer which the experts give in reply to those of us who point out that imports have a depressing effect on the domestic prices of farm products? Their answer is invariably this:

A loss of 18 percent or 8 percent is so small when compared with the total amount received that it is of no consequence whatever to the farmers.

These experts who write down the tariff rates on competitive farm imports imply that the farmers and all of us who complain of the invasion of our market ought to be ashamed to mention an insignificant, infinitesimal loss of $942,000,000 in 1 year due to low prices caused by imports.

I shall analyze the agricultural situation by classifying the farm income by groups. Take fruits and vegetables. These two sources of income to many farmers throughout the country cannot be dismissed as "too insignificant" for consideration. Fruits and vegetables suffered what I would call a most severe decline in 1938 as compared with 1937. These two groups, fruits and vegetables, produced a cash income of $1,160,000,000 in 1937, but in 1938 this cash income fell to $895,000,000, or a loss of $265,000,000 in 1 year. Such an amount may seem small to the spending low-tariff experts, but the sum of $265,000,000, taken from the spending power of the fruit and vegetable growers, is a large amount of money to them.

The cash return from grain may be a mere trifle to the boys in the State Department and the Department of Agriculture but I believe it, too, is worthy of mention. The return from grain marketed in 1937 was $1,008,000,000, but in 1938 the return for grain marketed was only $842,000,000 or a loss of $166,000,000.

While the experts are smoking their imported cigars and smiling at these picayune figures, I venture to mention

American tobacco. A reduction in the income of the farmers and others may have some effect on the tobacco grower, as well as the reduced tariff rates. The cash return from tobacco in 1937 was $318,000,000. The cash return for this product in 1938 was $294,000,000, a loss of $24,000,000. And now, by all this splendid work, an embargo has been placed on this product in England, and England is buying Turkish tobacco. We are out of the market over there.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. I should like to make this statement in connection with it, that that has been done notwithstanding the fact that we have entered into a trade agreement with Great Britain under which she pledges herself to give us most-favored-nation treatment.

Mr. REED of New York. She will give us the most-unfavored-nation licking that a nation ever had before she gets through.

Mr. Chairman, I know how the experts like statistics, figures, and percentages, so let me summarize: The total cash income from all crops in 1937 was $3,845,000,000, which dropped in 1938 to $3,153,000,000, the 1938 return being about 82 percent of that of 1937.

Mr. Chairman, I am not through with the tragedy of the trade-agreement program. There are sections of the United States where the farmers are interested in meat animals, dairy products, chickens, and eggs, as well as beans, sugar beets, and potatoes. I know how irksome the trivial sums are to the expert tariff manipulators, but to the farmers these facts are of real importance. I notice that during the year 1937 meat animals sold by the farmers brought a cash income to them of $2,330,000,000. In 1938 the income from the same source was only $2,180,000,000, or a loss of $150,000,000. I would remind the membership of the House that in 1938 there were imported 429,000 cattle. In the first 11 months of 1939 there were 790,000 cattle imported, an increase in 1939 over 1938 of 361,000 cattle, which the New Deal experts and internationalists insist caused no injury to our cattlemen.

Mr. Chairman, I have the honor to represent a dairy district in western New York, as well as a fruit and vegetable district. The dairymen, the fruit growers, the producers of chickens and eggs and other products are close to the markets which the trade agreements permit competitive farm products to enter. I have mentioned fruit and vegetables, grain, meat, and meat products, and now I turn to what the experts may consider of slight importance to them—however, it means much to the three counties I am privileged to represent. An income of $16,000,000 annually to the dairy farmers cannot be bartered away without disastrous consequences to the economic life of my section of the State of New York. Dairy products in the United States in 1937 sold by farmers brought a cash income amounting to $1,530,000,000. The income from the same source in 1938 was only $1,400,000,000, or a loss of $130,000,000.

It must be remembered that the dairy industry is localized and such a shrinkage in income, as it affects these localities, cannot be minimized by a mere shrug of bureaucratic shoulders.

Now, a word about chickens and eggs. The cash income from these products to our farmers in 1937 was $753,000,000; in 1938 it was $699,000,000, or a loss of $54,000,000.

Mr. Chairman, in view of the uprising of the livestock men in opposition to the proposed Argentine trade agreement, which negotiations were suspended until a more politically propitious time, I present figures to justify the apprehension of the livestock producers. I find that the total farm cash income from the sale of livestock produce was $4,776,000,000 in 1937. The cash income, however, from the same source in 1938 was reduced to $4,385,000,000. This loss on livestock and livestock products in 1 year of $391,000,000 can hardly be considered "microscopic" except by bureaucratic experts. To those who depend on this source of income for their well-being an annual loss of $391,000,000 is not a mere "incident."

To the farmers who were ridiculed by their own Government officials for protesting against a lowering of import duties on corn, I should say that the best evidence to them that their resistance to tariff reductions had real justification was the fact that to bolster the domestic price of corn the taxpayers were called upon in 1938 to appropriate and pay out $500,000,000. The farmers are sensible, realistic men who see no permanent recovery under a program that invites imports of corn while the Government takes over the corn, given as security, at a price below the prevailing market price on the farm. It will be recalled that the Government loaned 50 cents a bushel on the 1937 corn crop, taking corn as security for loans and sealing it in cribs on the borrower's farm. Thus, with the harvest of the new crop in the fall of 1938, the Government took possession of the old sealed corn as satisfaction for the loans, in effect allowing borrowing farmers 50 cents a bushel for their corn although the cash price for corn on farms was less.

The farmers know that a program that gives encouragement to other nations to gain advantage in our market will stimulate foreign production and do to the corn farmers and all other branches of American agriculture what the New Deal cotton program did to the cotton growers of the South.

It must not be forgotten that corn imports in 1937 amounted to 77,974,000 bushels, and in 1938 we imported 34,440,000 bushels of corn. If the cotton market could be captured by foreign producers within a period of 7 or 8 years, the corn farmers of the United States might well apprehend grave danger from the invasion of their market by the foreign producers of corn.

The farmers know full well what happened to them when the World War terminated and imports poured in under the then-existing low-tariff bill. The same stupid program of low tariff has been set up which will devastate the farmers again when the present war ceases. The farmer should not be sacrificed for the benefit of those who seek to profit by selling war materials, using imported agricultural products as a means of payment for munitions and implements of war. You are constantly told by the new dealers that farm imports do not injure the American farmer. If this be true, why is the Department of Agriculture buying surplus farm commodities—and at prices far below their real value—while the Department of State is lowering the tariffs on these same imports.

Preposterous and ridiculous as it may seem, the following deadly parallel reveals that while the Surplus Commodities Corporation was spending over $30,000,000 of public money in buying up surplus commodities there was an influx of more than $92,000,000 of the same commodities from abroad:

Purchase of selected agricultural commodities by the Federal Surplus Commodities Corporation, and imports of those commodities, fiscal years 1938 and 1939

Commodity	Quantity purchased	Amount spent	Imports	
			Quantity	Value
Apples, fresh, bushels	6,180,847	$4,978,816	52,000	$90,000
Beets, pounds	17,858,256	149,383	1,000	(1)
Cabbage, pounds	152,706,155	1,562,503	339,000	8,000
Carrots, pounds	7,612,950	72,379	270,000	3,000
Cauliflower, pounds	793,576	17,968	39,000	[1]1,000
Celery, pounds	20,391,300	381,384	96,000	3,000
Cheese, pounds	3,445,500	478,211	110,167,000	23,584,000
Eggs, dozen	11,319,300	2,255,659	551,000	106,000
Fish, pounds	3,677,398	262,966	658,345,000	60,259,000
Grapefruit, pounds	188,441,360	2,524,313	12,753,000	155,000
Grapes, pounds	15,830,826	319,489	[2]771,000	1,050,000
Milk, fluid, gallons	18,440,847	4,229,949	22,000	5,000
Peas:				
Canned, cases	864,192	1,427,780	[4]1,610,000	165,000
Dried, pounds	6,000,000	122,813	4,616,000	183,000
Fresh, pounds	77,940	2,808	4,582,000	223,000
Potatoes, white, bushels	6,579,548	4,286,457	[5]1,697,100	1,444,000
Raisins, pounds	50,199,000	2,137,251	825,000	92,000
Rice, milled, pounds	85,948,000	2,861,207	[6]137,024,000	2,294,000
Tomatoes, fresh, pounds	20,741,815	465,259	120,692,000	2,633,000
Wheat cereal, pounds	106,550,500	1,942,517	(1)	(1)
Total		30,479,112		92,298,000

[1] Not available.
[2] Jan. 1–June 30, 1939; not separately classified previously.
[3] Cubic feet.
[4] Pounds.
[5] Includes seed potatoes.
[6] Broken rice.

Source: Annual Reports of the Federal Surplus Commodities Corporation. Fiscal years 1938 and 1939; Foreign Crops and Markets, Nov. 17, 1939.

The farmers have become the victims of a New Deal shell game.

Now, turning from the income loss of the farmers, I shall present the trade-agreement picture as agricultural exports and imports were affected in the years from 1934 to 1939, inclusive:

Imports and exports of agricultural products, 1934 and 1939

	Agricultural imports	Agricultural exports	Excess of imports over exports
1934	$821,954,000	$733,400,000	$88,554,000
1939	1,117,790,000	[1] 655,583,000	462,207,000
Increase: [2]			
Amount	295,836,000	−77,817,000	373,653,000
Percent	36.0	−10.6	

[1] Includes exports of subsidized wheat, cotton, etc.
[2] Minus sign denotes decrease.

I just want to remind you that Assistant Secretary of State Adolf A. Berle, Jr., in referring to the excessive stock of gold in this country proposes to give it away to European countries, but Secretary Morgenthau has a proposal which directly affects your trade-agreement program. Here is what he says:

> The best way to reduce our gold inflow on commodity and service account is for us to have full recovery so that our imports will rise more rapidly than our exports.

If the proposal of the Secretary of the Treasury is to use this gold to pay for imports, it would appear that we have about $12,000,000,000 of excess gold available for that purpose, because the total of our currency is only $6,000,000,000.

This would seem to indicate a desire to import $12,000,000,000 more of commodities than we export.

That $12,000,000,000 would be enough to pay the wages of 10,000,000 men a year at an average of $1,200 per man.

Does the administration contemplate vacation without pay for 10,000,000 American wage earners for a year while carrying out this beautiful program?

Is this the real reason why Secretary Hull is so systematically reducing tariffs away beyond foreign concessions to us so that our imports may be increased accordingly?

Mr. Chairman, I shall conclude by paraphrasing a prophesy made by an eminent British statesman when England departed from her policy of protection:

> It may be vain now, in the midnight of your intoxication, to tell you there will be an awakening of bitterness. It may be idle now, in the springtime of your economic frenzy, to warn you that there will be an ebb of trouble. But the dark and inevitable hour will arrive; then when the spirit is softened by misfortune you will recur to those principles which made your country great.

[Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, I wrote a speech a few days ago on this subject, but in view of the fact that most of the figures and tables have already been put in the RECORD, I decided to throw it away and to make a different kind of speech. I listened with considerable interest to the remarks of my good friend from New York who just preceded me, dealing in generalities. It was a typical Republican tariff speech. My first recollection of political arguments goes back more than 40 years. As I recall they always ended up by a discussion of the tariff. It is an issue as old as the country itself and apparently has never been settled.

There was an old doctor in my country some 50 or 60 years ago who had a great practice. He was known far and wide, and it did not make any difference what the ailments were of the patients who came to see him. They all got pills out of the same barrel. He had a barrel of pills in a corner of his office, and whether the patient had pneumonia, chills, malaria, typhoid, or whatever it may have been, the doctor always gave him pills out of that barrel, and it seems to have been the policy of the Republican Party over a long period of time to give to the country a dose of tariff pills any time an ailment was complained of. This has been true as long as I can remember and as long as any man in this House can remember.

The gentleman from New York [Mr. REED] attempted to appeal to the passions of the Members of this House and to those who may read his statement because of exports to Japan and Russia and some other countries, exports to be used for war purposes, and I submit to all of you as fair-minded men that the trade agreements have nothing in the world to do with those exports. There are no trade agreements with the nations to which those exports are going, and if we did, it would not make any difference in this particular case. So, of course, those things are put out for the purpose of confusing the minds of the people.

We have been hearing so much about the farmer, about how he has been sold "down the river." I come from as fine an agricultural district in Missouri as exists in the Middle West. We grow corn in the amount of 100 bushels to the acre, in many instances. We grow a large amount of wheat. The sixth largest stockyards and packing houses in the United States are in my home city of St. Joseph. We have grown as much as 10,000,000 pounds of tobacco in that district, and I say to you that I have not had a single, solitary letter from any one of the hundreds of cattle raisers, the hog raisers, or the corn and wheat growers in that section of the country, in protest against this program.

We have heard that they have been sold "down the river." I say to you that if any fair-minded man or woman interested in this program will look at the record it will be realized that that statement is not true. I deny that it is true and, on the contrary, I charge that the Republican Party by its tariff policy, by these doses of political tariff pills which they have so long been giving to the farmer, put him out in the middle of the river in a boat, with a shingle for a paddle, and ordered him to paddle upstream. That was the policy of the Republican Party under the old system of tariffs.

The farmer of today is not going to forget that not so long ago he paid $200 or $250 for a binder in this country, and that the same piece of machinery made by the same manufacturer in this country could be bought on some foreign markets for a little more than half the price he was paying in this country. I could go down the line and so could you, if you familiarize yourselves with the problem, and show that for a long period of time the American farmer has been paying the tariff bill for the industrialists of this country, and when the representatives of just a few industries come before the committee and begin to plead the case of the farmer in a program of this kind, I know in my own heart, coming from a great agricultural area, and from a family who have been farmers for hundreds of years, that the farmer is not going to longer be fooled by anything of that sort. When a program of tariff was proposed for the farmer, it finally turned out that it was for the benefit of the industrialists, for the manufacturer, and the farmer finally paid the bill.

Let us not forget, Mr. Chairman, that the position of the farmer and the position of the manufacturer are absolutely the reverse. The farmer is subject to the cold and the heat and the drought and flood, wind and storm, bugs, grasshoppers, chinch bug, boll weevil, and hundreds of other things that may affect the production of his crop. He plants it in the spring and he gathers it in the fall, or he sows it in the fall and harvests it in the spring. When he puts it into the earth, he does not know what the demand for it, either domestically or in the foreign market, is going to be when the crop is harvested. He does not know whether he will grow 10 bushels of corn to the acre or 100 bushels. He does not know whether he will grow 5 bushels of wheat or 30 bushels of wheat to the acre. He does not know whether the old sow will raise 5 pigs or 10.

The position of the manufacturer is absolutely the reverse. He knows by a general survey what the demand for his product is going to be. He may even know more than that. He may produce in accordance with a definitely known demand. He sends his salesmen out over the land and takes orders for

the products he is manufacturing. He manufactures in accordance with such definite, known demands. Therefore there is no necessity or reason for a great surplus. It may result, if the demand is limited, in the curtailment of his production. He may have a potential capacity for creating 10 times as much as he does create, but he does not create it and let it lie on the shelves or in the warehouses. He manufactures what the market is taking, but the poor old farmer does not know anything about it. He must put the seed in the earth and depend upon the elements that I have mentioned and then attempt to sell the product when it has been produced 6 months hence. He is, therefore, more concerned with the development of foreign markets even than the manufacturer.

We have heard a great deal about the reduction in tariffs. We have heard a great deal about reductions on commodities that the farmer is producing. I believe I am correct in saying that there has been no tariff reduction in any commodity covered by the Agricultural Adjustment Act, except cracked rice, of which there is a deficiency in this country since the repeal of prohibition. There was no reduction in the tariff on corn, there was no reduction in the tariff on wheat, there was no reduction in the tariff on most of the other commonly known and commonly used agricultural commodities; and when we come to the question of wheat, of which so many of these gentlemen coming from the agricultural communities are interested, in return for certain reductions that have been made to Canada and in other trade agreements, we received a very substantial reduction in the tariff on wheat flour and on many other things as a result of that. As I recall, there are only about 40,000,000 bushels of wheat coming into the United States, and that comes in from Canada. Ten million bushels of that is hard wheat, reprocessed for the purpose of blending with soft wheat, and that is reexported, on which there is a draw-back of the duty. The other 30,000,000 bushels, to a large degree, are stored here or they pass through this country to port and are reexported to some other land with a duty draw-back. So that has not hurt us any, but in return for that we have a reduction on flour and many other things.

I have been somewhat interested and just a bit shocked by some gentlemen who have talked here about the export of agricultural commodities, but they carefully neglect to say to you or to point out to you, when they say there has been a reduction in the export of raw agricultural commodities, that there has been a greater increase in the export of processed commodities that are made from those particular agricultural commodities which they say have declined. I agree with you that the domestic market is, of course, better than the foreign market. Suppose there is a reduction of a million bushels in the export of wheat, but that flour and other commodities made from that million bushels of wheat is exported. I ask you, as fair-minded men and women, if that is not better for the American farmer, because it means work to the American laborer, it means employment, it means profit to the businessman, and it means more purchasing power for more agricultural products. That is the best type of market after all.

I have before me an editorial from the Journal of Commerce, of New York City, and in that editorial it is pointed out that American bacon is taking the place of Canadian bacon in Canada itself. We have heard about pork and all that sort of thing. The American farmer has 99 percent of the American pork market. Here is a chart, and it is almost invisible to the eye when you look at it. In 1939 he had practically all of it. In 1938 he had 99 percent of the American pork market, and in consideration of certain reductions which have been made as a result of these trade agreements, we have increased the sale of lard and many other of these commodities to foreign countries.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. No; I am sorry, I cannot yield. We have increased the sale of other commodities throughout the country, and that is the thing that we are looking for—a market for them. A small surplus of a commodity may affect materially the price of it. So many people forget that we are living under permanently changed economic conditions in the agricultural field as well as in other fields. We must find a market somewhere for all we can, and then there will not be a market enough for it. Remember that 20 years ago we had approximately 16,000,000 more horses in the United States than we have today. They were eating on an average 50 bushels of grain a year, wheat in the form of bran and shorts; they were eating oats and corn and other things, and if you take out of the surpluses of these commodities the amount that those horses were eating, you will have no problem of acreage allotment or marketing quotas—and it started with the World War, when machinery enabled the plains to be plowed up, when there were more millions of acres put under cultivation than should ever have been produced, and the surpluses began to pile up.

There was not a single, solitary thing done at that time by the party in power, the minority today, to help bring about markets except to give them another dose of the tariff pills that came out of the same barrel that all other tariff pills came out of. Instead of selling the farmer "down the river," this is the first time that any administration has ever attempted to help the farmer to sell his products. The industrialists, through their organizations, through their chambers of commerce, export organizations, have gone out to make a market, but the farmer has not been able to do that. Until this administration came into power and Secretary Hull became Secretary of State and conceived this program, there was never any attempt made to find a foreign market for the American farmer.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. I cannot yield. I do not have the time.

Now, let us talk a little politics. My time is running along. I was greatly surprised when this hearing started before the Ways and Means Committee to find the gentlemen on my left attempting to make a political issue out of the age-old, threadbare tariff question. People are not thinking in the same way they did in the days of tariff logrolling. There are some gentlemen over on the Republican side whom I know and very highly respect, who demand that whipsockets be put in the 1940 model automobiles they are now buying. That is the sort of issue they want to go before the country with. The same age-old, worn-out, threadbare issue of the protective tariff, when the world markets and domestic markets have so completely changed. Not so many years ago the markets of the world were weeks away, today they are only days and in some instances only hours. It is now necessary for the industrialists and agriculturalists of this country to go out and fight for markets of the world. We cannot always sell without buying some from those to whom we sell. So long as the balance is in our favor we are profiting. The old tariff issue is a corpse and they can never blow the breath of life into it again.

I wonder how many of you know Mr. Franklyn Waltman? [Applause.] You should applaud. It seems to me I have heard of him. He seems to have been recently employed by the Republican National Committee as their publicity director. I want you to know what he said as it appears in the hearings, about reciprocal-trade agreements. This article appeared in the Washington Post on November 23, 1937:

> Few people, perhaps, will find any news in the statement that the Republicans never seem to learn. Yet their adherence to shibboleths and false issues is truly amazing. Because many years ago the Republicans managed to remain in power for a long period by thumping the full dinner pail, they apparently feel that they can make a winning issue of the present Democratic tariff policies.
>
> After the country's reaction in last year's Presidential campaign to Governor Landon's babassu nuts and cheddar cheese speech, one would imagine that Capitol Republicans would shoot on sight anyone who suggested raising again the question of the New Deal's reciprocal-tariff program. Instead, however, they rush in where the economists feared to tread—and they rush into a buzz saw in the person of Secretary of State Cordell Hull.
>
> Since memories are short, it might be well to recall what happened in the 1936 campaign regarding the Hull reciprocal-tariff program. Governor Landon at heart was favorably inclined toward the program. It was one of the New Deal measures of which

he could approve, because it fitted into his philosophy of keeping America a competitive society for free enterprise. But the old-line, standpat Republicans overwhelmed him.

Former Senator George H. Moses went among Republican groups contending the reciprocal-trade agreement with Canada, if properly exploited, would be the undoing of President Roosevelt. Governor Landon's efforts to strike a liberal tone gave George Moses a big pain. He contended repeatedly that Governor Landon only need swing into the Canadian pact with both fists to get the vote of every cowman in an area 100 miles south from the Canadian border and from coast to coast.

The pressure on Governor Landon became so great that he weakened and welcomed into his camp the disgruntled George N. Peek, who tried for months to sabotage the reciprocal-trade program from the inside. It was thought he might be able to do in a frontal attack what was an ignominious failure when he was in the administration.

The remainder of the story is fairly well known. Governor Landon, coached by Mr. Peek, make his attack on the trade program. Immediately it was shown that the statistics he quoted to prove that the tariff cut on cheddar cheese was ruining the country were incomplete and gave only half the picture. His contention about babassu nuts served chiefly to provide an amusing caption for editorials.

Some of Governor Landon's strongest well-wishers shuddered, especially since his speech indicated a confusion of thought on his part regarding competitive free enterprise. The cowmen voted for President Roosevelt—or at least most of them did, as the election returns along the Canadian border indicated.

But the Republicans seemingly never learn. They are quietly organizing a new campaign on Capitol Hill against the reciprocal-trade program. They plan to lay down their attack on the pending negotiations with Czechoslovakia, Great Britain, and Canada. Although the country's foreign trade has doubled from the days of the Hawley-Smoot Act in 1932, they profess to see the country headed for ruin because a few high tariffs have been reduced.

The New England Republicans—really inspired by fears of the owners of shoe and textile factories—contend that the workingman is being hurt; that they suspect foreign entanglements and other bogeys as a result of pending trade agreements. The Corn Belt Republicans reverse the argument. They contend the administration has sold out the farmer for the benefit of eastern manufacturers. With their allies in the National Grange, they scream that the American market is being taken away from the American farmer. They pass over in silence the fact that farm income this year will be about twice what it was in 1932 under the protective Hawley-Smoot Act.

The falsity of this argument about the reciprocal-trade agreements hurting the American farmer is obvious to anyone who takes the time to skim through the agreements already concluded. Reductions in the American tariff on farm products are few and have been made with the greatest caution. Except on commodities of which this country does not produce a sufficiency, they affect only a fraction of the domestic consumption. On the other hand, substantial tariff concessions on farm products have been made by other nations in these agreements.

Members of the Committee, when that statement was put into the RECORD some Members of the opposition attempted to say that newspapermen write the kind of articles and express the kind of opinions that their employers direct them to. If that is true, which I doubt, I say to you that the article comes from a strong Republican paper, and nobody can deny that. Most other Republican papers in this country are also supporting this resolution and program.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. I yield.

Mr. BUCK. Would the gentleman be willing to put in the page number of the hearings in connection with the citation which he just quoted?

Mr. DUNCAN. Yes. That is on page 1450 of the hearings. Now, we are told about how much of the American market the United States is losing. In 1929, that golden era that we hear so much about from the opposition, as I recall, the exports were about $5,240,000,000. The imports were $4,399,000,000. In other words, the exports during that golden era of 1929 were only 20 percent more than the imports. When we come down to 1938 the exports were about $3,094,000,000 and the imports were $1,960,000,000. Therefore we had 37 percent more exports than we had imports in 1929.

There are four classes of people concerned in the making of tariffs. There is the producer, there is the manufacturer, the laborer, and the consumer, and in so many arguments that are made we seem to forget the consumer, who is by all odds the greatest in number. Even the producer is a consumer, and we must think of those folks.

In the lowest period of 1933 the weekly wage pay roll in the United States was slightly less than $63,000,000. By the fall of 1939 the national weekly pay roll had risen to $193,000,000. That does not look to me like it is hurting American labor. So long as the American farmer is selling more and getting a better market for his products, it does not look like he is being hurt.

The gentleman who spoke about cattle yesterday said there were 8,000,000 fewer cattle in the country now than there were a comparatively few years ago. If that be true, then a few hundred thousand more coming in are not going to affect the market, and they have not affected the market. By agreement a definite quota has been fixed, under which only a certain number can come in. All above that number must pay the full duty. That is true with respect to many other things. There are provisions in every trade agreement by which the State Department can cure any evils that may grow out of it—excess imports—provisions by which the American producer and American markets can be protected.

Knowing the Secretary of State as you gentlemen know him, you must know in your hearts that he has the interest of agriculture as well as the interest of all other Americans at heart and that he is not going to see them harmed unduly and unjustly. My prediction is that this will not be a campaign issue this fall; that after it has passed the Congress it will soon be forgotten as a political issue.

My friend from New York, who comes from up in the dairy country, complains, yet here is a headline from a New York paper which reads:

Farmers getting best prices for milk in the past 9 years—since 1931.

I wonder sometimes if some of these gentlemen who are looking for an issue in their congressional districts do not go back home and attempt to convince their people oftentimes against their own better judgment of what is happening to them, because, as I say, I come from a district that produces almost everything and I have not had a single, solitary word except from the League of Women Voters, who are supporting it, but not from a single farmer, where thousands and thousands of head of cattle are produced, millions of bushels of corn are grown, yet not a word in opposition. It seems so strange that one district would be so vitally affected and another not affected at all. [Applause.]

Since I am making more or less of a general speech, let me say that I have been noticing in the press that one of our Democratic colleagues will offer an amendment providing for senatorial approval. I know that most Republicans are going to vote for such an amendment. They are going to sabotage the bill in any way possible. I appeal to you Democrats that when you vote for senatorial confirmation of this program you are voting against reciprocal-trade agreements, and you know it in your hearts. When you go back to your districts, those interested in this problem, those who know what is good for America, will look you in the eye and say that you have voted against the reciprocal-trade agreements, because you know that if such an amendment should carry, it would absolutely destroy the program. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, the distinguished gentleman from Missouri [Mr. DUNCAN], who has just concluded his remarks, referred to the argument of the gentleman from New York [Mr. REED] as a typical Republican tariff speech. My friend also tells us that he has been listening to Republican tariff speeches for more than 40 years.

Well, it is true that the Republican Party has been preaching the doctrine of a protective tariff down through the years.

It is also true that the Democratic Party has been opposing this philosophy down through the same years. The Republican position on the tariff has not changed. We have always believed in a protective tariff that represents the difference between the cost of production at home and the cost of production abroad. On the other hand, our Democratic friends, as recorded in the CONGRESSIONAL RECORD, down through the years, first contended for a free-trade policy. A little later they changed their position and were advocates of tariff for

revenue only. Indeed, they went so far as to denounce a protective tariff as unconstitutional, and made that proclamation a part of their national party platform. As time went on and the country grew, developed, and prospered under the Republican protective-tariff system, most Democrats finally accepted the protective tariff as a part of our national plan and economy. They took these progressive steps hesitatingly and yielded grudgingly until they finally formulated a national party platform recognizing the difference between the cost of production at home and abroad as the proper yardstick to measure the rates of import duties.

The tariff should not be a political issue. When the Tariff Act of 1930 contained the flexible provision permitting the President to raise or lower duties within the limits prescribed by the Congress, and basing his action entirely upon the scientific finding of a nonpartisan tariff board, I felt that the political aspects of the tariff would be eliminated in the future. The gentleman from Missouri, however, tells us that the "issue is as old as the country itself and apparently has never been settled." If we are to judge by this debate he is correct.

The adoption of the Trade Agreements Act is in line with this last statement. This act was placed on the statute books in 1934, and was presumably an emergency measure to expire at the end of 3 years. In 1937, the life of the act was continued for another 3-year emergency period, and unless the Congress reaffirms its faith and belief in the efficacy of the act, it will expire in June 1940. The act authorized the President to enter into trade agreements with foreign governments; under these agreements to reduce any existing rate of tax up to 50 percent, and to proclaim modifications of other important restrictions; to extend these reduced duties to all countries not discriminating against our trade. No formula is provided for the selection of commodities or the amount of reduction. In short, the President is given almost plenary power to rewrite the tariff law of the land under the guise of reciprocal-trade agreements. Are the independent Members of Congress ready to give him that power?

Let us not forget that the Congress can only enact such laws as are authorized by the Constitution. All other powers are reserved to the States.

In considering legislation, therefore, the Congress should first investigate as to whether the proposed legislation is authorized by the Constitution. If it is found that the act would be unconstitutional, then it should not be passed, and that would necessarily end the inquiry so far as the Congress is concerned.

If it is determined that the proposal is constitutional, then the Congress should investigate the necessity or the desirability of placing such a law upon the statute books.

If these reciprocal-trade agreements are treaties, then it is generally conceded that the law is unconstitutional because Senate ratification is not permitted. On the other hand, if these agreements do not have the force and effect of treaties, then Senate ratification is not obligatory. There are such things as compacts, agreements, and conventions, which have temporary matters for their object, which are called agreements and which do not rise to the dignity of treaties. In one of the leading cases before the Supreme Court it was said:

> A treaty * * * is a compact made with a view to the public welfare, by the superior power, either for perpetuity or for a considerable time.

In other words, if the pending resolution did not stem from purported emergency power, and was for the purpose of renewing this Trade Agreements Act permanently, then under that case Senate ratification would be required.

If this act contemplates the making of trade agreements by the Executive, which are in truth and in fact of the same force and effect as treaties between nations, then the Constitution requires Senate ratification. For the Secretary of State to proclaim that an agreement is not a treaty is not sufficient. If one of these trade agreements does in fact repeal an existing treaty, or repeal an existing law of the land, then it is of the same force and effect as a treaty or a law, and surely requires the same solemnity of enactment.

The fact that one of these reciprocal-trade agreements, entered into under the authority of this act expressly repeals a treaty made with Colombia which was ratified by the Senate, demonstrates beyond doubt that an agreement entered into by the Executive under the act repeals a treaty.

The agreements thus far entered into have not only reduced the tariff, repealed treaties and statute laws, but in at least three instances excise taxes have been reduced. In addition, this country has agreed not to place quotas on hundreds of products. Our negotiators have also agreed not to subject many products to any internal-revenue tax. It seems to me unthinkable that anyone will contend that the Congress has the constitutional authority to delegate to the Executive, or the Secretary of State, the right to bind the country in any such manner. Of course, the Congress might attempt to pass laws repudiating such acts on the part of the Executive. However, our country has always kept its written agreements, and even though the Executive had no right to enter into such treaties with foreign countries, the Congress would be very hesitant about repudiating any action of the Executive taken under the Trade Agreements Act. Do not lose sight of the fact that these agreements are signed, sealed, delivered, and proclaimed by our President as the law of the land before the Congress or the public have information concerning the contents of the agreements.

It is interesting to note in this connection that a majority of the countries require ratification of these trade agreements by their own legislatures. In the trade agreements with Cuba, Belgium, Honduras, and Colombia it is expressly provided that the provisions of these agreements supersede any inconsistent provisions contained in previous treaties concluded between the two governments. Is there any question as to whether or not these agreements made with these last-named countries have the same force and effect as the treaties which the agreements repeal?

The Constitution vests all legislative power in the Congress. If this is true, then any law that permits the Executive, the Secretary of State, or any other person or group of persons to enter into any agreements which have the force and effect of law, and where no limitations are provided, no formula prescribed, is unconstitutional.

In short, it seems clear to me that these agreements are treaties, and it is mere subterfuge to try to escape the plain requirements of the Constitution.

Again, I call your attention to the fact that a number of these negotiated treaties are certainly tax measures. They not only lower and raise tariff taxes, but they go so far as to control the levying of excise taxes. Again, we all agree that under the Constitution all tax measures must originate in the House. Clearly the Congress cannot delegate the taxing power to the Executive. If I am right in this conclusion, then again this Trade Agreements Act is unconstitutional.

During the last 7 years the Congress has gone wild in the delegation of power to the Executive. There has been a constant concentration of power in the office of the Executive. Most of this was done under the guise of emergency legislation. We have now reached the stage where it can hardly be claimed that the usual emergency obtains. The last edition is called a limited emergency.

I do not know just what that includes, but it has found its way into Presidential proclamation. It is another unique method of justifying dictatorial powers exercised by the President.

I am asked why the constitutionality of this law has not been tested in the courts if it has been on our statute books for almost 6 years. The answer is simple. Under existing law there seems to be no possible way whereby industry, citizens, taxpayers, or those vitally interested can raise the question in the courts. The only forum where the wrong can be righted seems to be in the Congress itself. The Trade Agreements Act denies to the manufacturer, the producer, and others the remedy allowed by section 5160 (b) of the Tariff Act of 1930.

Therefore, for the reasons which I have briefly outlined, I cannot escape the conclusion that the Congress has no constitutional right to delegate legislative and treaty-making powers

to the Executive. The provision in the Constitution requiring confirmation by the Senate of treaties and agreements with foreign nations is a wise provision and should not be nullified by circumvention. To do so is to strike a direct blow at representative government. The Senators are elected by the people. The people have reserved to themselves the right to accept or reject these treaties with foreign governments, and when a Senator votes he votes as the representative of those who send him to the Senate. In order to be sure that the people might know what treaties and agreements this country contemplates entering into, debate is provided in the Senate. Hearings may be held in the Senate. The people can be heard.

To make doubly sure that the wishes of the people are protected, the Constitution requires a two-thirds vote before a treaty with a foreign government can be ratified in the Senate.

Realizing that the branch of the Government holding the purse strings and possessing the right to tax can really control the Government, even to destroying it, the Constitution makes it necessary that taxation and revenue measures must originate in the House of Representatives which is the most numerous body in our Congress, the Members of which must answer to the people every 2 years and which is really the "people's forum."

This Trade Agreements Act ruthlessly brushes aside these concepts of democratic representative government. Power and more power is lodged in the Executive. If there is any one thing that the country is demanding today, it is that the Congress reclaim some of the powers which it has supinely yielded to a grasping Executive during the last 7 years.

The Republican Party is not opposed to reciprocal-trade agreements. The theory of bargaining and trading with our sister nations is to be encouraged. The Trade Agreements Act can be so amended as to meet constitutional requirements, safeguard the interests of all of our people, and be of possible benefit to our country. I believe in proceeding along this line.

When the original Trade Agreements Act was before the Congress in 1934 it was claimed that the enactment was necessary to save our foreign trade and assist in bringing about the peace of the world. It was a new venture at that time. What would happen, or what could happen, under the law was entirely problematical. When the law was extended in 1937 the country had had 3 years' experience, and while little had been accomplished beneficial to our country, yet it was contended that the law had not had a fair trial, and the Congress extended the trial period for another 3 years. Now, after 6 years, it seems futile to argue that the law has not had a chance to demonstrate just how beneficial it can be to all of our people.

Under this act 22 trade treaties have been negotiated. Under those treaties there have been 1,012 reductions in tariff rates which affect 42 percent, or nearly one-half, of our dutiable imports. These reductions have averaged 39 percent. Of these 22 treaties only 3 have been put into effect without legislative ratification, namely, those with Belgium, Cuba, and Ecuador; and of the remaining treaties, 10 were subject to ratification by the foreign legislative bodies before they became effective, and 9 went into effect provisionally subject to subsequent ratification.

Contrast this democratic procedure followed in other countries with the dictatorial, arbitrary, and secretive procedure followed under the Hull trade-agreement policy.

The calendar of trade agreements thus far entered into is as follows:

Country	Effective—	Can be terminated on 6 months' notice after—
1. Cuba	September 1934	September 1937.
2. Brazil	January 1936	December 1937.
3. Belgium	May 1935	No date.
4. Haiti	June 1935	June 1938.
5. Sweden	August 1935	August 1938.
6. Colombia	May 1936	May 1938.
7. Canada	January 1936 [1]	November 1941.
8. Honduras	March 1936	March 1937.
9. Netherlands	February 1936	January 1939.
10. Switzerland	February 1936	February 1939.
11. Nicaragua [2]	October 1936	September 1939.
12. Guatemala	June 1936	June 1939.
13. France	do	July 1937.
14. Finland	November 1936	November 1939.
15. Costa Rica	August 1937	August 1940.
16. Salvador	May 1937	May 1940.
17. Czechoslovakia	Suspended	
18. Ecuador	October 1938	No date.
19. United Kingdom	January 1939	December 1941.
20. Turkey	May 1939	December 1939.
21. Venezuela	December 1939	December 1942.

[1] Revised January 1939. This makes the twenty-second treaty.
[2] Tariff concessions no longer effective.

These treaties are usually negotiated for a period of 3 years with the right to terminate upon 6 months' notice after the expiration of the 3-year period. In some cases provision is made for other methods of termination, although no action looking to this end has as yet been taken by our Government.

World conditions are so complex and so uncertain that our Government should not bind itself in any more of these agreements for a further period of 3 years. When existing wars are over and peace returns, no one knows what the economic conditions of the world will be, and we should have a free hand to assist, and at the same time be in a position to take advantage of our economic position. We cannot do that if we have tied our hands before those conditions are known. World conditions today are most unstable. For instance, between the signing date of the agreements and the present time, currencies of the European agreement countries have depreciated as follows: France, 66 percent; Belgium, 29 percent; Switzerland, 31 percent; Netherlands, 22 percent; United Kingdom, 17 percent; Finland, 9 percent; and Sweden, 6 percent.

This means that an American dollar buys more foreign money. That means a lowering of the tariff rate on imports from those countries. Then, again, the Congress has delegated to the Executive the right to devalue the American dollar, and here another opportunity is given to lower tariff rates and to make it easier for foreign labor and foreign industry to compete with American labor and American industry.

The fact that the tariff is more or less of a local issue follows through with these trade agreements. If a certain industry can secure a little better market in some foreign country for its products, then it is favorable to the agreement. We are not prone to consider the composite picture. No particular industry in our country is going to prosper long without its sister industries sharing in the prosperity. We cannot make a law for agriculture alone. Neither can we make a law for the manufacturer alone. There must be a relationship between these laws. At the same time few will deny that these treaties have not militated against the best interests of our agriculture as an industry. The National Grange in resolutions adopted at the national convention recently held, declared:

> The reciprocal trade agreements program has caused serious damage to American agriculture. It has depressed farm prices by encouraging imports of competitive products from countries where substandard labor conditions prevail. It is wrong in principle and violates the Constitution. It should not be renewed when it expires by its own limitations on June 12, 1940.

The American Farm Bureau Federation by resolution. in part, demanded:

> That no agreement be consummated, the effect of which might be to force or hold domestic prices for any farm commodity below parity level. Any other course would justify the condemnation of and opposition to such agreement by all agricultural groups.

The farmer accepted the trade-treaty program 6 years ago because he was promised that he would be protected in his home market, and that these agreements would give him a larger export market for his products. He now knows from sad experience that the exact opposite has happened.

There are two classes of imports of farm commodities; that is, competitive—all farm products grown in marketable quantities in the United States—and noncompetitive, such as rubber, coffee, bananas, and other things which we do not produce in the United States.

A compilation has been made for the 5 fiscal years immediately preceding the trade agreements and for the 5 fiscal years after the trade agreements. Under the trade agreements, imports of competitive farm products increased 25 percent.

Imports of noncompetitive farm commodities decreased 7 percent.

Exports of farm commodities decreased 20 percent.

This means that farmers of foreign countries increased their sales in the American market 25 percent, while American farmers lost 20 percent of their foreign market, in addition to losing that part of the American market for competitive farm products which was taken by imports from abroad.

In this connection let us not forget that the Federal Government during the fiscal years 1938 and 1939 spent $30,749,112 on surplus-removal operations, and during the same period there was imported into the United States $92,298,000 worth of the same commodities of which our farmers had such a surplus. Tax money was used to remove this surplus from the market, and American dollars were used to buy foreign farm products. Truly the farmer is getting the worst end of these trade agreements.

My constituents want an opportunity to know what these agreements provide before they become law. They want the Congress to have an opportunity to discuss the matter, and they want the right as contemplated by the Constitution to present to the Congress their views as to the advisability of any given treaty with any foreign nation. I ask the proponents of this measure if that is not fundamental American doctrine?

As a practical matter, any hearing now given before a committee in the State Department is superficial. The persons conducting the hearings are not the persons negotiating the agreements, and there is no way of the farmer or the manufacturer in this country knowing whether or not those negotiating the agreements contemplate affecting the particular branch of his industry.

One of the most objectionable features of the present trade-agreement policy is the most-favored-nation clause. This expression is not well understood by most of our people. In short, it means that our Government in agreeing upon a treaty with Canada, for instance, offers Canada certain concessions in tariff rates for other concessions extended to our country by Canada. This is illustrated by this country's agreement to reduce the tariff rate on cattle coming from Canada into the United States. The minute that Canadian agreement became effective, all other nations, excepting Germany, were entitled to the same benefits affecting cattle or any other commodity imported into this country as was extended to Canada; that is, in the trade, Canada paid a price for a reduction of the duty on cattle coming into the United States. Immediately, Mexico and all other countries under the most-favored-nation clause were entitled to the same concession.

The 22 treaties now entered into cover so many commodities that this country has not much left to trade. The favored-nation clause is unfair and every time a new treaty is entered into, our trading stock is materially reduced.

In conclusion, I am opposed to the extension of the trade-agreement act for a period of 3 years because:

First. The Congress has no right to delegate to the Executive the powers carried in the act, and the act is unconstitutional.

Second. The act has not contributed toward the peace of the world, witness the wars in Europe and the wars in the Far East.

Third. While our export trade has increased in some commodities, it is clearly evident that much of this increase is due to world conditions and not the effect of the trade-agreement policy.

Fourth. The agreements thus far entered into have, on the whole, been detrimental to American agriculture.

Fifth. This country has grown great and prosperous under the protective tariff system, and I firmly believe if this act is continued and is administered by those who are opposed to the protective-tariff system, that in the end a serious blow will be struck at the American standard of living, American wages, and the high social standards now enjoyed by our people.

Sixth. The policy being pursued in negotiating these agreements is diametrically opposed to our social security laws, our wages-and-hours laws, our control of production laws, and other activities on the part of the Government, the purpose of which is allegedly to maintain a higher standard of living than obtains in many of these foreign countries with which these agreements are made.

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. CLEVENGER].

Mr. CLEVENGER. Mr. Chairman, farm prices in 1932 were lamentably low. They still are lamentably low.

Several times during this debate the statement has been made that reciprocal-trade treaties and the New Deal have brought great profit to American agriculture, as well as to American industrial workers and those in transportation and shipping.

Many statements have been made about prices in 1932 and since that time under the New Deal. Now, for the records, let us take beef steers and use the Chicago market for the comparison, taking the same grade each time.

July 1, 1932	$8.00 to $8.50 (gold)
Sept. 1, 1932	9.25 to 10.00 (gold)

You see, America was participating in world uplift.

Nov. 1, 1932	$8.00 to $9.25 (gold)

Remember these were gold dollars, not 59-cent rubber dollars.

Now, let us see what happened between election time and March 4, 1933, when, according to President Roosevelt, "the mechanics of civilization broke down." In that 4-month period America was stricken with a great fear. Senator CARTER GLASS was not going to accept the portfolio of the Secretary of the Treasury. All efforts of President Hoover to elicit a reassurance that we would not go off the gold standard or resort to devaluation failed. The famous, or infamous, Hotel Mayflower declaration, "It's not my baby," was the extent of New Deal reassurance then.

On March 4, 1933, these same steers were—Chicago market—$6 to $7.30, and top light hogs were $3.90 as against $4.80 to $5 on July 1, 1932.

Last Saturday, February 17, 1940, these same hogs were $5 to $5.65 in the 59-cent rubber dollars, after doubling the national debt, increasing the Federal take in taxes by two and one-half times, and running a deficit almost as large as the 1932 Budget you New Dealers promised to cut by 25 percent in the campaign of 1932.

Why, steers would have to bring $16 to be on a parity with September 1, 1932, in terms of real money.

Last Saturday, February 17, 1940, the Chicago prices of steers were $10.75 to $11.25, almost the prices, in 59-cent dollar, of March 4, 1933, the day of the black-out.

The gentleman from Oklahoma [Mr. FERGUSON] stated yesterday "wheat is four times the price of 1932." Now let us look at the record.

Wheat in Chicago, September 1, 1932, was quoted at 52 to 52½ cents. May option, 61½ to 61⅝ cents.

Saturday, February 17, 1940, the price was $1.02. But September 1, 1939, it was under 60 cents, and that price maintained by a subsidy of 24 to 30 cents, because the world price was the lowest in 300 years.

America is now the only free market place for neutrals to buy manufactured goods. The increase, as every farmer knows, was made since war was declared last September, and not at all by virtue of any reciprocal-trade treaty.

The August prices, 1938–39, of several farm prices for the State of Iowa follow:

	August 1938	August 1939
Corn	39 cents	36 cents.
Oats	15 cents	22 cents.
Wheat	54 cents	55 cents.
Hogs	$7.80	$5.20.
Cattle	$8	$8.
Eggs	17 cents	12 9/10 cents.
Butter	26 cents	24 cents.
Chickens	12 9/10 cents	11½ cents.

Authority, Iowa State College.

Does that, expressed in 59-cent dollars, look like happy days are here again?

But dearly beloved, these are not all the blessings the New Deal has in store for the farmers, workers, railroad men, and lake shippers.

Awaiting only the sanction of the Senate—this House will have nothing to say about it—they will build with your money on foreign soil a great deep waterway, that all the ships of the 7 seas may come right to the docks of Buffalo, Cleveland, Toledo, Detroit, Chicago, Milwaukee, and Duluth.

Get this, you thousands of railroad men still working on the great main lines of the Pennsylvania, the Erie, the Nickel Plate, the Wabash, the Baltimore & Ohio, the New York Central that run through my district in Ohio, protected by hour and wage agreements and retirement pay. Get this, you thousands who man the trucks; get this, you Great Lakes seamen.

The New Deal is going to open these great inland seas with more tonnage than the trans-Atlantic trade—to what? Why, ships manned with Lascars at $10 per month; Japanese carriers manned with naval reservists at $4.85 per month, to dump upon these docks the products of Japanese, Koreans, and Chinese working under the menace of a conquering bayonet, to take your job and to preclude the possibility of millions of your friends and relatives ever getting another job, bring the canned beef, the vegetable oils, and starches.

Into the laps and onto backs of our northern and western farmers and dairy men will come the products of every coolie in his paddy—every island worker—the forced and sweated labor of all the world, and freight coming in, is less than half that going toward Argentina and Latin America.

Will 6 percent of the world's people holding 50 percent of the world's trade allow a group of free-traders under a Secretary of State who is allergic to customs houses to trade this away?

The New Deal asks for a third term. Give it to us, they say, and we will bring you the blessings of free trade, we will bring you the same prosperity we brought the cotton farmer and the sharecropper, where 4,500 of the country-wide total of 6,000 farm-tenancy loans were made in one geographical area. Out of this debt, deficit, and delerium we will bring you the more abundant life.

You must in considering the New Deal fit all the pieces into the mosaic to get a completed pattern. You cannot consider the effect on agriculture, manufacturing, and transportation without this.

You farmers are gambling with a great salesman in Secretary Wallace. He is a man who can sell "pig killing," plowing under crops, and shooting cattle—being sure that the hides were duly slashed so that some poor hungry devil might not skin one and get six bits for the hide—who can change programs like the man on the flying trapese, now peddling stamps and printing certificates against the 1940 campaign, who operates the ever-normal granary, and who can sell fly swatters in Little America.

Some of you industrialists trying to run a business are invited to try Dr. Perkins pink pills for perplexed and pathetic producers. They will sure cure your industrial halitosis and economic fallen arches, and continue the balanced Budget, and contribute so much to good neighbor policy of the National Labor Relations Board. And, of course, you want all of your loans obtained through R. F. C. approved by the personnel of the N. L. R. B.

Following the lead of the distinguished chairman of the Ways and Means Committee, I am carefully refraining from anything of a partisan nature in this debate and keeping the discussion free of politics.

Dr. Wallace gives agriculture a blood transfusion with its own money. Dr. Hull opens their veins with a deluge of foreign competitive products. Dr. Jesse Jones and Dr. Morgenthau apply leeches through financing Latin American production of goods with the Import-Export Bank to compete with our own industry.

But reasons for this deplorable condition are not hard to find. Look at our own great State of Ohio. In 1912—

State and local taxes were	$83,103,000
Federal internal-revenue collections	23,824,000
Total tax collections	106,927,000

This was the golden age for American agriculture; the days of President Taft, when the total cost of all government was under a billion dollars; when men had several billions of income to spend for themselves and the balance between farm and factory was fair.

Let us now turn to 1938 and get the picture:

State and local taxes	$372,296,000
State unemployment pay-roll taxes	51,431,000
Federal internal-revenue collections	287,289,000
Federal security pay-roll taxes	42,128,000
Total taxes	759,144,000

Where has Ohio's accumulated savings and wealth gone? Ohio, fifth State in agriculture, higher than that in industrial rank, first in universities conferring doctor's degrees. It has gone into 12-inch yardsticks in T. V. A. It has gone into the great silt reservoir at Fort Peck and a dozen other dams and projects in a dozen other States. It has gone into marble dog pounds in Memphis; into millions of dollars' worth of Chic Sale's projects that the Census Bureau is spending millions on this year to count and survey. It has gone in boondoggling, and the production of communistic plays. It has gone with the wind.

But Taft days can come again.

Attention, Mr. and Mrs. America, and most of the Navy fishing at sea, Ohio, the mother of Presidents—well, we are predicting a blessed event early in November. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. CHURCH].

Mr. CHURCH. Mr. Chairman, I rise to call special attention to the individual views of the gentleman from Oklahoma [Mr. DISNEY], member of the Ways and Means Committee, to be found on pages 51–54 of the committee report on this resolution to renew the Reciprocal Trade Agreement Act.

In his individual report the able gentleman has logically and concisely outlined what has taken place, contrary to the intention of Congress, in the administration of this act in connection with the special excise taxes on oil, coal, lumber, and copper. He has persuasively shown the need for an amendment to the law, which I understand he will offer at the proper time, and which should receive our approval.

In singling out these four products for a special excise tax on their importations, independent of the general tariff law, Congress obviously sought to be in a position to retain control over their importations. A special situation was recognized to exist in connection with oil, coal, lumber, and copper and Congress dealt with them specially.

A general tariff law does not expire by operation of law in terms. It does not require renewal. These excise taxes, on the other hand, do require renewal from time to time, and Congress thus keeps control over the importation factors. It was never understood by Congress that these four import excise taxes were in the same category as import taxes imposed by the general tariff law.

The amendment to be offered by the gentleman from Oklahoma definitely precludes the President and the State Department from treating these four excise taxes as tariffs. It is simply designed to carry out the original intention of Congress. It has become necessary because the Executive, in

reducing these particular excise taxes by trade agreements, has broken faith with Congress. The Executive has assumed power and taken a course of action Congress never intended. It is a serious matter.

When the Reciprocal Trade Agreement Act was enacted in 1934, giving the President the power to raise or lower the tariff 50 percent, it was understood in Congress that the act did not give him the power to touch these four temporary excise taxes. In fact, both the House and Senate committee reports on the bill contained this sentence:

> It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty.

Moreover, during the debate on the floor of the Senate, Senator HARRISON, chairman of the Senate Finance Committee and in charge of the bill, made this statement:

> It will be noted that, so far as tariff rates are concerned, the President has the power to increase or lower them 50 percent, but as to excise taxes they may be continued. It was the intention of those who framed the legislation, and of the House in passing the bill, that they would be frozen; in other words, they might not be modified.

The State Department seeks to justify its action in reducing the special excise tax on oil in the trade agreements with Canada, Cuba, and Venezuela on the ground that while the tax is called an excise tax it is, in fact, a tariff and therefore comes within the provisions of the delegated power. If that is true, why should Congress give oil importations special treatment independent of the general tariff law? Moreover, it is an established rule of statutory interpretation with the courts that when the meaning of a statute is not clear resort may be had to committee reports and to statements made in Congress by the Member and Senator in charge of the bill. The statements made by Senator HARRISON would be considered by a court as in the nature of a supplemental committee report. The President ignored them.

As authorities for this established rule, I cite such classic cases as *Chesapeake & Potomac Telephone Co.* v. *Manning* (186 U. S. 238); *Duplex Printing Press Co.* v. *Deering* (254 U. S. 443); *Church of the Holy Trinity* v. *United States* (143 U. S. 457); *Humphrey's Executor* v. *United States* (295 U. S. 302); *Norman* v. *Baltimore & Ohio R. R. Co.* (294 U. S. 240); and *Hasset* v. *Welch* (303 U. S. 303).

There is no question as to how the Reciprocal Trade Agreements Act should have been interpreted. Notwithstanding the rules of construction and the clear evidence that Congress did not intend any changes in the excise tax on oil, the President and the State Department proceeded to make the reductions. It constitutes a serious and substantial breach of faith with the Congress; and two Senators, both of whom favor the reciprocal-trade program as a whole, have so stated.

Not only is there a principle involved, Mr. Chairman, but there is the very important economic fact that this breach of faith has had and will continue to have an adverse effect on the oil producers of my home State of Illinois. Oil is an important commodity of my State. In 1938 the estimated oil production in Illinois is placed at 22,000,000 barrels. Of the 24 oil-producing States Illinois ranks fourth. Importations of oil into the United States when there is already a marketable surplus of oil adversely affects all independent oil producers. It is for the independent producers that I am concerned.

In 1939 we had in the United States an exportable oil surplus of something like 200,000,000 barrels. Yet the President and the State Department entered into an agreement with Venezuela, which does not expire until December 15, 1942, whereby large importations of oil have been made. In 1939, for instance, the imports of oil from Venezuela amounted to 56,000,000 barrels. It is hardly necessary to say more to indicate how the reduction of the excise tax on oil by the President and State Department has harmed the independent oil producers. Indeed, the action has served to aid monopolistic practices, for the oil importers from Venezuela are solely three big companies.

But it is argued that the tax represents a burden on the consumer. Such is not the case, as shown by the testimony before the Ways and Means Committee. On the contrary, the consumer has benefited by the import tax. For the 7 years prior to the tax the average price of gasoline was 17.76 cents per gallon. For the 7 years since the tax the average price has been 13.67 cents. The same is true with respect to the price of crude oil.

I should like also to call attention to the revenue obtained from the excise tax on petroleum imports. This is an important consideration in view of our unbalanced Budget and the dangerous state of our national debt. From 1932 to 1939 the estimated total receipts are $56,513,714. The receipts for this period from Venezuela petroleum importations alone amounted to $33,621,832.

By reducing the tax the President and the State Department have not only ignored the intention of Congress when it passed the Reciprocal Trade Agreements Act. They have opened the American market to foreign importations when there is a surplus of American oil. And they have bargained away an important source of revenue.

I urge the adoption of the amendment to be offered by the gentleman from Oklahoma. He will no doubt point out why it is essential to accept his amendment if we are to maintain a truly competitive condition in the oil industry and not put the large oil companies in a position where they can control the American market and drive out the independent producer. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, I am opposed to this resolution.

Coming from an agricultural district as I do, there is only one view concerning the reciprocal-trade agreements that I can take in fairness to the people that I represent. The ever-increasing amount of our imports of farm products is most distressing and damaging to the American farmer. The agreements or treaties hereto entered into under the Reciprocal Trade Agreements Act have resulted in a very great unfavorable trade balance with respect to the farmers' products.

It is stated frequently that these trade agreements have been a means whereby foreign nations, particularly those of South America, have reduced their tariff on American industrial products and that the United States in turn has reduced its tariff on farm products to permit this exchange. I will concede that the act itself, or the arguments in favor of the act, do not state the proposition so bluntly, but that is the practical way that it has worked out.

I am in favor of the expansion of American industry and trade, but not at the expense of the already downtrodden farmer. These importations cannot be passed off as an insignificant matter. The statement that our imports of farm products are such a small portion of the total amount of farm products and does not affect the price will not stand up under careful and honest scrutiny.

When a shipload of Danish or Holland butter arrives at New York or Philadelphia or Baltimore it must be sold. Invariably this butter is sold at a price that keeps down or actually reduces the price of butterfat paid to our domestic producers. It makes a difference in the cream checks received by the farmers throughout Nebraska and elsewhere. This is true regardless of how small the portion of imported butter is to the total amount of butter produced and consumed in this country.

The reasons for this effect on price is quite simple. In the United States we have an open market on farm commodities. In an open market the lowest offer sets the price. In an open market, such as we have in the United States, the law of supply and demand prevails. If you increase the supply you lower the price. The proposition cannot be explained away, that when you increase imports of farm products into a domestic market already oversupplied, you drive the price still further down.

The importation of farm products at this time is most unfair and very harmful to the American farmer. In

addition to that, it is very inconsistent with our present farm program and the attempt to lessen the supply by controlled production, a program that has cost the taxpayers of the country billions of dollars to maintain.

What is true of butter is likewise true of cheese, meat, cattle, wheat, corn, cotton, and many other farm products. At this point I want to submit a table showing the vast increase in our importation of farm products.

Imports and exports of agricultural products, 1934 and 1939

	Agricultural imports	Agricultural exports	Excess of imports over exports
1934	$821,954,000	$733,400,000	$88,554,000
1939	1,117,790,000	[1] 655,583,000	462,207,000
Increase:			
Amount	295,836,000	−77,817,000	373,653,000
Percent	36.0	−10.6	

[1] Includes exports of subsidized wheat, cotton, etc.
Minus sign (−) denotes decrease.

This foreign competition has had a direct effect upon the income of the American farmer, has lessened the demand for agricultural laborers and lowered farm demand for products of industry.

In 1934 agricultural imports amounted to $821,954,000. That was the year that the Trade Agreements Act was passed.

In the 5 succeeding years, from 1934 to 1939, agricultural imports have increased to $1,117,790,000.

This is an increase of $295,836,000, or 36 percent. That is the disastrous effect upon the American farmer.

But that is not all of the story. For the same 5-year period 1934–39, or the trade-agreements period, the export of American farm produce has decreased 10.6 percent. In other words, the trade agreements have failed to develop foreign markets, as proponents of the act claim.

The Government's own figures plainly tell what has happened. In 1934 agricultural exports amounted to $733,400,000. Under 5 years of the trade-agreement operations exports have dropped in value to $655,583,000. This is a decrease of $77,817,000 in exports, or 10.6 percent.

This decrease also has lowered farm purchasing power. It likewise has shrunken the market for agricultural labor.

The unfavorable trend of both imports and exports has decreased farm income and thereby decreased farm purchasing power, which has curtailed the demand for American manufactured articles and prevented greater industrial reemployment.

When a trade treaty was made with Canada, Canadian producers of cattle had a right to believe that they would ship more cattle into this country. That very thing did happen, and the Canadians now sell us more beef under the trade treaty than they did before. Every one of these trade treaties is, in effect, an encouragement to all the foreign countries to ship farm products to the United States, because the most-favored-nation clause extends the concessions to all nations. Can anyone deny that the vast importations of Argentine beef, which were so highly praised and advertised by the Chief Executive, do not affect domestic cattle markets? The importation into the United States of cotton in any amount will certainly not increase the price of domestically produced cotton, and it will certainly not tend to halt the South's abandonment of cotton raising and going into competition with the northern farmer. The trade agreements have been very beneficial to a few wealthy importers and to a few internationalists whose property holdings extend to many foreign countries. These groups are very active and they are spending a great deal of time and money to influence the public opinion of the country and the Congress concerning the trade-treaty program. Their paid propagandists have cleverly infiltrated many fine organizations and even some farm organizations.

From the standpoint of the rank and file of our manufacturers and industrialists, both large and small, the trade-agreement program is an unsound policy and a false hope. The greatest market in the world for manufactured articles is at home. If the American farmer has the necessary purchasing power, he is our greatest potential customer for automobiles, radios, paint, lumber, clothing, rugs, electrical supplies, furniture, heating plants and cooling systems, and all of the other many American manufactured articles. American farm purchasing power is more necessary to American industry and our national prosperity than our foreign trade.

Speaking of this particular phase of the trade-agreement program, the senior Senator from Kansas, the Honorable ARTHUR CAPPER, said:

> They are pursuing a most short-sighted policy—trading the substance of a good American market for the shadow of foreign markets in low-income countries.

An analysis of the figures for a number of years shows that for every dollar paid to the American farmer for his products, a dollar was spent for labor in the factories and our national income was increased by $7. This proves that the very basis of our national economy is the farmer's purchasing power, the very thing that trade agreements destroy.

There is a basic principle involved in this trade-agreement legislation. It is the protective tariff versus free trade. Here let me remind you that it was under the Republican principle of protective tariff for American agriculture and industry that the United States reached a point where the common, ordinary person has more, enjoys more, and is more than anywhere else on earth. We need to return to that Republican principle of giving first consideration to the American instead of the foreigner. We want a tariff high enough to keep the world abroad from adding to our present overproduction surplus of agricultural products, if one exists. It is true that world-wide depressions have come to the United States under Republican rule, but over a long period of years it must be remembered that the history of the advancement of the United States and of our improved living standards from 1860 to 1932 is the history of the Republican Party.

There is a striking similarity between the low-tariff theory as expressed in the Underwood tariff law and our present-day reciprocal trade agreements program sponsored by Secretary of State Hull. The Underwood Tariff Act would have been ruinous to this country if it had not been for the change of conditions brought about by the World War affecting prices. There is also a striking similarity between the internationalism of Woodrow Wilson and his League of Nations and the internationalism and the desire to be a world power of the present occupant of the White House. The President's often-quoted remark about Argentine beef being vastly superior to American beef is but a symbol of his internationalistic economic philosophy. The way to increase our foreign trade is to increase our domestic purchasing power. That is not a theory, but it is the way that it actually works out. In 1922 a Republican Congress enacted a protective tariff, and in the next 7 years our exports to foreign countries of finished manufactured goods, the class most affected by the tariff of foreign countries, increased practically 100 percent. It has been truly said that foreigners do not buy American goods because they love us but because they have to have the goods. They will keep on buying them for the same reason, and for no other. It has also been well said that if you compete with the foreigner you will eventually live like the foreigner. There is too much truth in that with respect to the American farmer at the present time. I do not contend that the discontinuance of our trade-agreements program will solve all of the problems of American agriculture but I do insist that it is one very important factor.

Mr. Chairman, let us consider some of the things that the Congress of the United States has already done to the American farmer in the last few years. It cannot be denied that the wage and hour law and other similar laws have increased the labor costs, which in turn has increased the prices which the farmer must pay for the things that he buys. The large Government expenditures and the neces-

sary increased taxes resulting therefrom also raise the prices of those things which the farmer must purchase. Many of our industries, at least to a partial extent, have passed these additional tax and labor costs on to the ultimate consumer. When the farmer takes his products to the market place, he cannot demand an increase in price for his products because of the increased price of the things that he must buy.

Under our present cash-and-carry neutrality law, European nations are using all available cash and trade balances in this country to buy airplanes, arms, and implements of war. They must buy their farm products upon credit arrangements, and that trade is going largely to South America. One of the first news dispatches of the United Press from London following the enactment of our present neutrality law was to the effect that a then-existing cash credit in this country of several million dollars which was deposited for the purchase of farm products was canceled and the cash credit used to buy implements of war. This may explain why the present World War has not caused an increase in prices of American farm products that we would ordinarily expect.

Much has been said about the trade-agreements program being an instrument for peace. This argument is like the bald-headed barber attempting to tell others how easy it is to grow hair. To realize the fallacy of this contention, all we have to do is to look about us. War is imminent everywhere, nations hate nations. Good neighbors were never more scarce than they are at the present time. The United States is compelled to build an all-time large Army and Navy for our own protection. As an instrument of peace, the trade-agreements program is a self-evident failure.

Mr. Chairman, when the time arrives for the vote on this bill, it will be a choice between the interests of the importers and the international investors and the interests of the American farmer. I shall cast my vote for the American farmer. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. MUNDT.]

Mr. MUNDT. Mr. Chairman, this arugment over extending the power of the Secretary of State and the President to make executive trade treaties without review or ratification by Congress is not a matter of academic discussion with the farmers of America. From the standpoint of the farmer this debate takes on the significance of life or death insofar as his economic existence is concerned. It is strictly a matter of self-preservation for American agriculture; every Member of this House knows in his heart that there can be no hope and no prosperity for the American farmer until and unless we protect him in his right to supply the American market at an American price level. Adequate tariff protection against a flood of cheap foreign foodstuffs will not alone bring prosperity to the American farmer, but it is the first step in any sound and permanent program for giving parity prices to our domestic producers.

I have followed carefully the political strategy of the partisan new dealers, who are whipping their forces into unity with rebel yells and siren songs of party loyalty; but, my friends, this is a measure affecting the basic recovery program of this country, and Members should not sacrifice their home producers to win political favors. Until the farmer is prosperous America must continue to slink along in the depths of this 10-year-old depression. The American farmer can never prosper on the money paid to foreign producers to undersell him in his own market. Industry knows this lesson well from the standpoint of its own activities, for while Secretary Hull has in large part sabotaged the farmer's protection against food and fabric imports, he has actually raised the protective tariff enjoyed by steel.

Until and unless we give the American farmer the full benefit of the American market—free from foreign competition—there is no magic hocus-pocus and no economic formula which can give him the full parity prices to which he is entitled. Unless we quit favoring foreign farmers and start giving justice to American producers this country will awaken some day to the realization that the New Deal has driven the knife of treachery so far into the back of American agriculture that European and Asiatic standards of living for our farmers will have to be imported along with the products of alien farms. The time to call a halt to this is now.

Mr. Chairman and colleagues, let me have your careful attention to this next point. It is something which every Member should hear and analyze. Secretary of State Hull's own figures show that the agricultural exports for 1939 have dropped to an all-time low for the past quarter of a century. Think of it, friends, even with much of the world actually at war, or worrying about war and trying to hoard foodstuffs, these trade treaties have so expanded foreign farm production that our own farm exports have dwindled to a paltry $656,000,000 in 1939. Why, even in 1932, which you new dealers point to so frequently despite the fact this low point came 2 years after the Democratic Party controlled the House of Representatives and its obstructionist policies had killed all recovery efforts in their inception—even then, I say, our agricultural exports were $662,000,000, or $6,000,000 more than the black New Deal year of 1939. This the Secretary of State's figures reveal, despite the fact we are now using 59-cent dollars as counters, so that actually the loss of agricultural exports disclosed in the 1939 figures is substantially greater than even the $6,000,000 shrinkage between 1932 and 1939.

But friends, the Secretary of State's figures show another startling fact to be true. In 1937, which we should remember was a reciprocal trade treaty year, we actually imported more competitive farm products than we exported for the first time in 25 years. The Secretary of State's figures show that in 1937 we imported $71,000,000 more worth of competitive farm imports than we exported. Mr. Chairman, remember, please, I am talking about competitive farm imports—this $71,000,000 unfavorable balance of power in the matter of our trade relations in competitive farm imports such as beef, pork, eggs, butter, cheese, grains, etc., ignores entirely an additional $711,000,000 worth of noncompetitive agricultural imports such as rubber, spices, teas, and coffee. The simple fact stands out where all who run can read that these trade treaties so increased our competitive farm imports that we bought more of them from abroad than we sold to foreign nations despite the fact every pound of imported farm produce added to the so-called surplus of this country for which Secretary Wallace is paying farmers money to reduce. It is no wonder the New Deal is making no progress toward recovery when its policies contradict themselves as openly as do the import-from-abroad policies of Secretary Hull and the idle-acres-to-decrease-surplus policies of Secretary Wallace.

Mr. Chairman, no Congress can repeal the law of supply and demand. But this Congress can repeal the power of the President and the Secretary of State to destroy this law by increasing domestic food supplies by foreign imports with the result of forcing down and keeping down prices received by our own farmers, poultrymen, ranchers, and other raw materials producers.

This Committee has been advised by the gentleman from Oklahoma, Congressman DISNEY, that he intends to offer an amendment to exempt oil from the ravages of unfair foreign competition by denying the Secretary of State the power to decrease oil tariffs. No one can blame you Oklahoma and Texas Democrats for your efforts to protect your basic industry and for trying to remove it from the ruinous effects of the reciprocal trade agreement program. I commend you for your sincerity in ignoring commands from your party whip and in putting the interests of your constituents above those of mere subservience to partisan policies. But the midwestern farmer is equally entitled to protection against cutthroat foreign competition. His products are to him just as important as oil is to the people of Oklahoma and Texas. There is therefore no

logic and justice in asking this Committee to deny the protection to the American farmer which even you Democrats recognize is essential to the prosperity of the oil industry.

MUNDT TO OFFER AMENDMENTS FOR FARMERS

Consequently, Mr. Chairman, I take this means of serving notice on this Committee that just as the gentleman from Oklahoma, Congressman DISNEY, recognizes his obligation to protect the people of his district in their oil business, so, too, do I recognize my obligation to protect the people of the great agricultural State of South Dakota in their farming business.

Therefore, when this bill is read under the 5-minute rule for amendment I propose to offer some amendments to preclude any tariff reductions on a number of farm products, including cattle, sheep, swine, canned and prepared meats, cheese, turkeys, chickens, butter, oleomargarine which competes with butter, eggs of all types, fresh, frozen, or powdered. I hope you folks from Oklahoma and Texas and other oil-producing States will support my amendments.

By teaming our forces it may be possible to defeat the political mandate issued by Democratic floor leaders and palace politicians to the effect that "this resolution must pass without any amendments." You know and your constituents should realize, my good friends from Oklahoma and Texas, that the best way for you to protect your people from ruinous competition in oil is to join with those of us interested in protecting our people against ruinous competition in farm products. You have no more right to ask us to vote for protection on oil and insist upon subjecting farm products to the knifing of free-trade addicts than we have to ask you to vote for protection for farm products and then ask you to submit to permitting the trade-treaty jockeys to toy with the lifeblood of your basic economy. We must each give and take a little in this great fight to keep America American and to give the American producer an honest chance to enjoy an American price level. We from the farm group urge you from the oil sections to join us in these amendments which I shall offer to give adequate, fair, and honest price protection to our constituents.

If you try to play an all-or-nothing game, and ask for amendments to protect oil and refuse to join us in expanding these exemptions to include farm products, you will have yourselves alone to blame if these amendments of yours fail and your constituents are subjected to 3 more long years of executive trade agreements with tariff schedules arranged by college-boy experts. In justice to your own people, we ask you to join us in securing justice for our own people. It is my opinion that both groups of our constituents are entitled to the tariff protection which we may in that way be able to guarantee to them. It is once again a case of "united we stand, divided we fall." [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I find it necessary to take this means to express my views on the pending legislation, because the remaining time allowed for debate precludes the possibility of everyone having the opportunity to speak on the floor.

Mr. Chairman, I became a Member of this body January 3, 1939, and shortly thereafter was assigned a position in the Committee on Interstate and Foreign Commerce. I have sat through long hours of hearings in that committee and in the executive sessions. At no time during this period of committee work have I found that the Committee on Interstate and Foreign Commerce divided along political lines. This has been much to my satisfaction, as it has, I believe, to all the members of my committee, as it has given each one a trust in his fellow members of the committee, in the knowledge that they were truly attempting to arrive at fact and to prepare legislation in the best interests of the country without regard for partisanship.

It was therefore with considerable amazement that I recently attended several sessions held by the Ways and Means Committee of the House on the Reciprocal Trade Agreements Act, where I found that the committee, even before hearings had concluded, were engaged in active partisanship, each side attempting to obtain some political advantage over the other, and in attempting to justify their course through cross-questioning and evident embarrassment of witnesses.

I understand that this is nothing new when tariff legislation is under consideration by that committee, but that vigorous partisanship in these respects has been condoned by both the Republican and Democratic majorities when their respective parties were in power. Both sides have been able to use figures, statistics, and other data to prove their respective contentions, or disprove those of the opposition, as the case might warrant. It is therefore incumbent upon me as a Representative from my district in California to examine this subject with as great care as possible and to arrive at my conclusions independently. This I have endeavored to do without regard for partisan considerations.

In arriving at my conclusions, I find that history presents interesting but not altogether conclusive evidence. We must look to the future with due regard for the events of the past in deciding our policy. It seems to me that we are being deluded by certain theories of trade that have become fetishes in the minds of both economists and politicians, theories that are being tenaciously held to in spite of reality. Actually, foreign trade is, as everyone knows, a matter of give and take, of buying and selling, of trading our surpluses for foreign surpluses that we need and can use. But right there begins the delusion. There is, in my mind at least, a definite limit to the amount of foreign trade that we can do economically. That limit is set, in any given period, by the amount of foreign goods we need to purchase for our own use. We need a certain quantity of rubber, tin, silk, coffee, tea, spices, manganese, and so forth—things that we do not produce in the United States. When these needs of ours are satisfied, there is no occasion to purchase more of them. The value of these things we need and can use from abroad then becomes the limit in value of the home-grown and home-made surpluses that can be sold abroad to pay for them. If we go beyond that limit and import things that are directly in competition with our own farms and factories just so we can export more of our own products, we come to the position where we are merely swapping dollars with the foreigners, and the only ones to profit are the brokers and shipping lines.

Evidently the administration is out to increase foreign trade willy-nilly. They seem to have the idea that the more foreign trade we do, the better off we are. To that end, the end of expanding foreign trade, they lower tariff barriers on home-grown products, allowing the importation of products at low prices that directly compete with our own home producers. They do that in order that we may increase our exports. The net result is that we throw one group of home producers out of work in order to provide work for other groups. It gets us nowhere as a whole, and causes unnecessary dislocation and hardship on the groups that have to stand the brunt of foreign competition in American markets.

But there is another fallacy involved. As an example, take the American farmer. Last year, and for a great many years, we have allowed the importation of farm products that directly compete with our American farmers. Last year the competing farm imports amounted to $500,000,000. That value is figured on the basis of foreign prices. To pay for those products we sold $500,000,000 of our exports abroad. So far so good, perhaps. But if we could have grown those things at home, at American prices, the value would have been more nearly $700,000,000. In other words, we provided an export market of $500,000,000 which would have been a $700,000,000 market right at home for our manufacturers if we had prevented the importation of these competing products and grown them at home. That would have made no difference to the consumer, because the difference is made up through import duties. But there would have been additional benefits. We could have put 35,000,000 acres of American farm land to productive use and employed 1,000,000 farmers

and farm workers that sought relief. Also, that farm land could then have paid taxes to support schools and roads, and so forth. I cannot agree with the idea that the more foreign trade we do, the better off we are. There is a limit to the foreign trade we can do profitably.

The Argentine is in a different situation. The Argentine is almost exclusively agricultural. They export whole crops in order to purchase automobiles, textiles, and typewriters, and so forth. They are dependent on foreign trade for their prosperity.

England is in a different situation, too. The United Kingdom needs vast supplies of foodstuffs and raw materials. They import twice as much as they export, and consume the difference. They import cotton, wool, and so forth, manufacture it, and then export it. They invest capital abroad, and take payments of interest and dividends in the form of foodstuffs and raw materials. These payments become imports in that form. Consequently their apparent trade balance is always against them. But really it is not so.

None of these problems are similar to our own. These other countries must export or die. That is not so with us, as we are almost a self-contained economic unit. Our problem lies almost wholly in consuming our own products and in purchasing from abroad the few things that we either cannot or do not produce at home.

Perhaps these ideas do not jibe 100 percent with those of others, but no one has been able to refute them, and so until I may be proven wrong I shall maintain them. Consequently I cannot go along with the foreign-trade ideas of this administration.

Now, to get down to the pending measure to extend the life of the Reciprocal Trade Agreements Act for an additional 3 years, thereby giving the Secretary of State power to conduct these negotiations and conclude agreements without benefit of sanction by Congress. I heartily condemn the methods used in the past in making tariffs, whereby the majority party, whichever it might be, has locked the doors against the minority, rigged up a set of tariffs, and forced them through the Congress. The majority, such as it may have been, has by these means ridden roughshod over the minority. Likewise, but perhaps to a lesser degree, this same procedure has been carried on under the Trade Agreements Act in the office of the Secretary of State. The tariffs have been set after hearings, but without any means for minority interests to effectively protest. Under this act the tariffs are set in accordance with whatever may be the judgment of the Secretary of State and his assistants at the moment. I believe that the present means of investigating into the subject of tariffs is a good one, as it gives promise under proper circumstances of providing a means for setting tariffs in a more scientific manner. But I believe also that there must be some final veto power resting in the people, in order that justice may be done all around and in order that some particular theory that may absorb the mind of the Secretary of State for the time being, may not prevail over the will of minority interests. I do not know that giving this veto power to the Senate of the United States is the proper method to pursue, but that veto power must lie some place, and I feel that, lacking any better proposal, Senate ratification is the best method to pursue.

I shall therefore vote for an amendment to this act, providing for Senate ratification, and I shall do so with the distinct understanding that if a better method can be devised, I should be in favor of it. However, one of the most cogent reasons for my voting against the pending measure, if it does not contain such veto power through Senate ratification, is the fact that the President of the United States promised the farmers in 1932 as follows:

> I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it, and will not be deceived.

This promise was not carried out, as more than 200 tariffs on agricultural products have been materially reduced, many as much as 50 percent through the consummation of 22 trade agreements with as many foreign countries. The administration has not played fair with our farmers to this extent, and therefore, I do not feel called upon to grant further extensions of trade-agreement negotiating power. In conclusion, I will say that if this power had not been so abused, I would probably favor the continuance of the trade-agreements program, and likewise, so would many of my colleagues on the Republican side of the House.

Mr. CROWTHER. Mr. Chairman, how much time remains on my side?

The CHAIRMAN. The gentleman from New York has 2 hours and 22 minutes remaining.

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, I do not expect to talk any politics in connection with my few remarks except possibly at the very last, and what I shall say will be with reference to Democratic politics.

When a Representative takes an opposite view on a matter of great public interest to many of his colleagues, candor to his colleagues and fairness to himself require that he state his views in such detail as to set forth those matters of fact and policy that impel him to the position taken, as well as to give the benefit of these views to those Members who are not as intimately apprised of the facts as the speaker. That is my position today.

There is nothing personal in the views I am about to express. If there were, that personal feeling would direct me to follow the leadership of the chairman of the Ways and Means Committee, for whose integrity, character, and judgment I have the most profound respect. My enthusiasm for his good faith knows no bounds. In passing, I take this occasion to say about him that, of all the public men I have met or read about, he comes nearest to typifying the counterpart of the Father of his Country.

If my personal feelings and admiration were involved, with no other issue, not even his most intimate friend would come more quickly or enthusiastically to the defense of Secretary Hull than would I.

But in one phase of the considerations of this important subject, I must in thought part company with these two great men whom I so much admire.

I shall discuss an amendment which I offered in the Ways and Means Committee, and will reoffer in this Committee, involving the treatment of excise taxes as tariffs, particularly those on petroleum.

No sectional issue is involved, and I do not approach the matter from a sectional standpoint. Twenty-four States produce petroleum. My own State is third in importance from a production standpoint, Texas and California leading her. Probably 20 or 30 other congressional districts produce more oil than mine. But I have seen the independent oilmen battle for their business lives in the last 15 years, and I would feel recreant to my trust as a Representative in Congress if I did not present their cause, even if not a drop of oil was produced in my vicinity. In dollar turn-over, the petroleum business is the third largest industry in the Nation.

In 1932, the independent oilmen who for many years had been carrying on a fight with the monopolists in the industry, particularly the importing monopolists, led the movement which resulted in the Congress placing an import excise tax on oil and in this legislation copper, lumber, and coal were included. As a result of the activity of the independent oilmen, their cooperation with the Government under the code, their espousal of the Connally Hot Oil Act, their determined effort toward conservation by State laws and many other efforts on their part too numerous to mention in this brief speech, there has been brought about genuine competition in the domestic oil industry, even competition amongst the major companies who were, at one time, the monopolists in the industry.

As a result, business for the oilmen themselves has improved, and the consumer has vastly benefited. Proof of this statement is found in the fact that 7 years prior to the imposition of the import excise taxes, the average price of gasoline throughout the United States was 17.76 cents per gallon, and for the 7 years since the imposition of the excise taxes, and this activity of the oilmen, the average price of gasoline in the United States has been 13.67 cents.

So the consumers of gasoline should welcome and heed the cry of the independent oilmen, and especially when the undisputed facts are revealed that oil products have the lowest price range in the commodity index, compared with 1926, of any commodity purchased by the American public, except silk and rubber.

What precipitated the campaign for excise taxes? The independent oilmen of the Nation found that while they were prorating their production of oil, in order to stabilize the whole industry and to realize those benefits for the consumer, that vast quantities of oil flowed here from Mexico and from Venezuela, to the detriment of the domestic industry and the domestic consumer. This oil was produced by peon labor, paid a few cents a day, in competition with high-priced American labor. In passing, it may be said that the oil industry pays the highest wages of any industry in the United States. Passage of the excise tax was some protection against competition with a product produced by cheap labor at a few cents a day.

In the hearings on this bill, many members of the committee complimented the oil industry on the case it made; on the benefits it had produced for the consumer; and on the fairness of the presentation. No industry, according to Dr. Lubin of the Federal Security Administration, has treated labor with more fairness and consideration than the oil industry.

Who did the Venezuelan trade agreement benefit? Who produces and imports the oil from that nation? Three gigantic oil corporations, with probably not a single Venezuelan stockholder; one of them owning the largest fleet flying the American flag, produce the oil in Venezuela, and they control the world market by a system of cartels which makes the foreigner pay higher prices than the domestic consumer of oil products.

So this argument, except incidentally, is not one about tariffs and trade agreements, but the nub of this discussion is monopoly, monopoly on the part of these importers who control the world market, and by virtue of the Venezuelan agreement possess a fearful advantage over the domestic market.

Evidence submitted to this committee has demonstrated the importance of these excise taxes to the domestic petroleum industry. It has been shown that they occupy a vital position in the conservation programs of the petroleum-producing States and that there has been a widely accepted assumption that they were a part of the contribution which the Federal Government made to that program. Imports of petroleum and its products are a source of supply over which the States have no control. Therefore, it devolved upon the Federal Government to supervise these imports if the necessary balance of supply with demand was to be realized.

By continuing these taxes for 2-year periods, a biennial supervision over imports was exercised by Congress which was thus in a position to increase, decrease, or discontinue them, as the situation in the petroleum industry might demand. It has been commonly accepted that this biennial review by Congress has been effective in preventing excessive importations from demoralizing the market.

Testimony before the committee indicated that imports of oil from Venezuela last year were, in round figures, 56,000,000 barrels, of which 22,000,000 barrels, called bunker oil, came in duty free.

The testimony further showed that the exports of petroleum were, in round figures, 200,000,000 barrels last year.

It was shown that oil wells in the United States, capable of making many thousands of barrels each per day, were reduced under the domestic conservation plan, to a few barrels per day.

For example, in East Texas, the allowable was 21 barrels per day, and on account of additional shut-down time the production of these wells ran down to much less than 21 barrels per day—all to stabilize the American market, while the three large importers enjoy a distinct advantage.

It may be argued in rebuttal that the independent oil men are laboring under an apprehension of danger, and that no real dangerous results have flowed from the promulgation of the Venezuelan trade agreement. But do we not have the same right to apprehend danger that the proponents of the bill have to anticipate good from this agreement?

Before the Ways and Means Committee not a syllable of testimony was adduced to show any benefits as yet resulting from the Venezuelan agreement. But it was shown that the imports were sharply accelerated after the announcement of the agreement, and unofficial figures estimate the imports in January were 20 percent higher than in December, when the agreement was announced, and were 40 percent higher than in January 1939.

This quotation from the Chicago Journal of Commerce, showing that imports in January were about 1,000,000 barrels more than in December, is interesting. I quote:

> Petroleum imports into the United States in January totaled 4,784,000 barrels, at the rate of 154,323 barrels daily, highest total in months and, except for the import bulge last midyear, highest monthly total for a long period.
>
> In December 1939 imports total 3,807,000 barrels, and in January 1939, 3,055,000 barrels.
>
> The increase was cited by some authorities as proof that importers were taking advantage of the reduced import excise tax under the recently promulgated Venezuelan reciprocal-trade treaty, now under fire by domestic oil interests.

A voice from California, the Oil Producers Agency, representing every phase of the oil industry in that great State, second only to Texas in production, says, in a letter to a colleague, in part:

> As you are aware, oil is probably the most important single industrial factor in the economic well-being of California, and, if California and its people are to enjoy the benefits of a stable oil industry, that industry must be protected from competition by cheap foreign oil. You may be interested to learn, for instance, that since the Venezuelan agreement was signed, crude oil prices in California have been reduced, with a resultant loss of approximately $20,000,000 in annual operating income to the California industry. The industry cannot stand many blows of that sort.

Not only were the excise taxes cut in half; the free imports—amounting now to 22,000,000 barrels per year—were bound as free, and the remainder bound at 21 cents per barrel, thus taking the whole thing out of Congress' hands.

The threat of congressional action having been removed, these three great monopolists are beginning to get their stride.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from South Dakota.

Mr. MUNDT. I believe the gentleman is making a very logical statement, showing the splendid reasons why Congress should retain in its own hands the right to review and ratify these treaties. I am wondering whether the gentleman does not feel, however, that some such approach as that suggested by the gentleman from Nebraska [Mr. COFFEE], to extend these powers to Congress to include products such as beef, dairy products, and turkeys, would not be better than just a special piece of legislation for oil.

Mr. DISNEY. I do not know. I have not studied that matter. I have been studying this and have not studied that. I hope the gentleman will not press that on me.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from California.

Mr. BUCK. I hesitate to interrupt the gentleman, but does the gentleman present to the Committee the theory that Congress cannot act on any of these matters?

Mr. DISNEY. I do. From a practical standpoint, it cannot be done.

Mr. BUCK. Does the gentleman realize there is a very liberal escape clause in the Venezuelan treaty?

Mr. DISNEY. Yes. I shall come to that in a moment.

The Venezuelan trade agreement runs for 3 years from December 16, 1939, until it is abrogated by action of either party upon 6 months' notice. In other words, it is a permanent fixture, and for all practical purposes it is beyond the control of the Congress of the United States, though in theory, of course, Congress can dispose of it immediately. Six months' notice? Yes; 6 months' notice; and not by Congress, but by the executive department, if and when it makes up its mind to abrogate or change the agreement. It does not even have to consult the Congress about any change. But you may say that this agreement contains a so-called escape clause.

I do not agree that the escape clause has any operating, practical value under all the circumstances. But I will discuss that later.

The original reciprocal-trade agreement was passed in 1934, 2 years after the passage of the excise taxes under discussion. It should be interesting to the Members to arrive at the intent of Congress in its deliberations over the original Reciprocal Trade Agreements Act. It had the excise taxes definitely in mind. Proof of this assertion is replete in the RECORD.

When the trade-agreement bill was before the Seventy-third Congress, second session, the House Ways and Means Committee presented a report in which the following language is found:

> In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing 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.

The Senate Committee on Finance adopted the Ways and Means Committee report and used the same language in its own report on the measure.

Support of this position is found in the record of the Senate debate on the bill of 1934. Then Senator HARRISON, chairman of the Senate Finance Committee, in his statement to the Senate when the bill was presented to him on May 17, 1934, as is shown in the CONGRESSIONAL RECORD of that date, at pages 9247 and 9248, presented as a part of his statement an analysis of the bill which contained the following statement:

> In addition to permitting the modification of duties or restrictions, the bill permits the President to enter into commitments whereby the existing customs or excise treatment of specified articles will be maintained; that is, the excise taxes upon oil, coal, copper, lumber, etc. Unless it were possible to provide in such trade agreements against the increase of excise taxes, the advantages derived through a lowering of customs duties guaranteed in such trade agreements might be entirely lost through the imposition of duties such as consumption taxes and the like; so these agreements will provide for inhibitions upon such a policy.

Senator HARRISON, as chairman of the Senate Finance Committee, had charge of the bill on the floor. During the last few minutes in the discussion of the bill before the time at which the Senate had agreed to vote arrived the Senator stated:

> Mr. President, I have another amendment to propose, of which I desire to make some explanation. The Senate can do with reference to the amendment whatever it pleases. It is with reference to a clarification of excise duties.
>
> It will be noted that, so far as tariff rates are concerned, the President has the power to increase or lower them by 50 percent, but as to the excise taxes, they may be continued. It was the intention of those who framed the legislation, and of the House in passing the bill, that they would be frozen; in other words, they might not be modified.
>
> They were adopted in 1923 (sic), I believe it was, what were termed "excise taxes," or were carried into the law as excise taxes; but some question has been raised as to whether or not they are excise taxes or import taxes. The four items concerned were lumber, coal, oil, and copper. So as to remove any doubt as to what the intention was, I have an amendment to offer which will clarify the matter, and if the amendment shall be adopted, it will freeze those four items. In other words, the duties cannot be increased and the duties cannot be lowered. It will recall that as to those four items the provision of law will expire in June of next year. * * *
>
> All excise taxes are frozen by this bill. * * *
>
> Coal, oil, lumber, and copper. These four are carried in the law as bearing excise taxes, and some question has been raised as to whether or not they are in fact excise taxes. In order to remove any doubt and to clarify the matter, I have offered this amendment.
>
> The amendment later offered read as follows: On page 4, line 12, after the word "imports", it is proposed to insert a semicolon and the following: "except that the term does not include excise taxes imposed under the provisions of paragraphs (4), (5), (6), and (7) of subsection (c) of section 601 of the Revenue Act of 1932, as amended."
>
> They cannot be increased and they cannot be lowered. * * *
>
> The reason was that all excise taxes are frozen in this bill. We do not propose to disturb excise taxes at all. The President is given the power with reference to import duties, and it was because the impression prevailed that on these items there were excise taxes, that I offered the amendment. They are carried in the law as being subject to excise taxes. * * *
>
> The kind of taxes styled excise taxes were not to be affected. They were not to be increased or lowered. They were frozen, in other words.

After Senator HARRISON's statement as to the purposes of his amendment, a discussion ensued, from which it can be fairly inferred that the Senate considered that the excise taxes were, as Senator HARRISON said, "frozen" by the terms of the bill. In the last few moments of the debate, Senator Long, of Louisiana, reoffered the amendment, and it was defeated. Since friends of the excise taxes voted to lay the amendment aside, it can properly be claimed that the Senate understood that the excise taxes were, in fact, frozen by the terms of the bill and the amendment was unnecessary.

Friends of the excise taxes relied on the foregoing expressions of the intent of the Congress. Senators ASHURST and HAYDEN, of Arizona, were specifically interested in the import excise taxes on copper. Obviously they took for granted that Senator HARRISON's explanation of the intent and purpose of the original Trade Agreements Act was correct. Each of them voted against the Long amendment, obviously with that understanding, and evidently relied upon it. This is capable of proof, and here is the proof.

Last year when a trade agreement was proposed with Chile, which involved copper, one of the chief industries in Arizona, from which Senators ASHURST and HAYDEN come, these Senators were alert to the interests of their State, and they filed a 40-page brief with the State Department, verified by the oath of Senator HAYDEN, in which they make the flat statement that—

> It is respectfully submitted that such a reduction would be undesirable because it would constitute a breach of faith with the Congress. The very fact that the excise taxes, placed in the Revenue Act of 1932, were limited to expire in the first instance on June 30, 1934, and have been reenacted by the Congress, for successive periods of short duration, would clearly indicate that the Congress has at no time intended to relinquish complete control over these taxes, not only as to their duration but as to their extent.

Quoting further:

> Plainly, Congress has at no time evidenced any intention of relinquishing control of these temporary excise taxes. For the executive branch of the Government to reduce them, by negotiation with a foreign government, would constitute a serious and substantial breach of faith with the Congress.

And quoting further:

> A tariff is a permanent enactment of the Congress, and if Congress does nothing, the tariff will continue forever. An excise tax is a temporary enactment of the Congress, and if the Congress does nothing, the tax will expire and cease to exist by its very limitation.

No agreement including copper, or violating the excise taxes on copper, was made with Chile.

Without abandoning the positive conviction that Congress expressly excluded the four excise taxes—on oil, coal, lumber, and copper, first adopted in 1932 and four times continued by Congress—from modification in any trade agreement, and merely for the purpose of the present argument, it may be held that insofar as the claim of the State Department to authority over such modification of these taxes may be derived from Public Law No. 316 of the Seventy-third Congress,

as amended, such authority would rest solely on section 350 (a) (2) where the following language occurs:

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

The significant phrase in that sentence which, under the State Department theory, might apply is this:

To proclaim * * * such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign-trade agreements.

This, it is submitted, would at the utmost authorize the proclamation of "the continuance," or in other words "the freezing," of existing excise taxes but not their reduction.

I would not be candid if I did not say that the Department has treated excise import taxes as tariffs in the Cuban and Canadian agreements—in my judgment, in violation of the intent of Congress.

It is true that the reciprocal-trade agreements contain escape clauses. It is true that the escape clause in the Venezuelan agreement is broad. It is true that Secretary Hull filed with the committee a letter which is incorporated in the majority report, promising to invoke the escape clause when a proper case is made.

Without presuming to impinge, even slightly, on the good faith of anyone, let me remind you that 22 trade agreements have been entered into and in not a single instance has the escape clause been invoked by our Government in behalf of an industry. It may be argued that the escape clause was used in the Canadian agreement with reference to fox furs, but that is not the case; the escape clause was not invoked. A new arrangement was entered into.

From a downright practical standpoint, escape clauses are not of practical benefit. This may be illustrated with reference to the zinc industry's plight, with reference to the Canadian treaty. The duty on zinc was reduced, in spite of the fact that informed opinion—including that of the Bureau of Mines—was unanimous in contending that a tariff reduction would seriously harm the domestic zinc industry. As a result of this headstrong, unenlightened action the price of zinc dropped $7 per ton and accentuated the misery of an industry that was already up to its neck in depressed conditions. This condition of ruinous prices prevailed for 9 long months after the effective date of the Canadian agreement, and even though the overwhelming bulk of imports were coming, not from Canada, but from Mexico and Belgium, no attempt was made by the Department to invoke the escape clause. When the war broke out the price of zinc increased for a brief period—not as a result of the trade agreement with Canada, but in spite of it. Under the most-favored-nation doctrine, the rate having been reduced to Canada, Mexico became entitled to and did realize the same benefit of tariff reduction. The result? Four price cuts since December 1 in zinc have ensued. Mexico is furnishing 62 percent of the domestic use of zinc. Three American smelters are using Mexican zinc exclusively, and 10 smelters to a substantial and growing extent. Over a thousand zinc miners in one of my counties in the Tri-State area, Missouri, Arkansas, and Kansas, have been laid off in the last week or so. The three largest mines in that area have shut down. The loss of employment of a thousand men in a small county in my district has a terrific effect.

This showing has been made to the State Department, and all that has been received is polite diplomatic ignoring of the zinc industry's plea.

Although we may place the utmost reliance in Secretary Hull's promise to make liberal use of the escape clause, in the Venezuelan agreement, it must be remembered that Fate has its part to play, and that Secretary Hull may not always be with us. Other faces, other hands may appear at the trade table. In my opinion, Congress should not rely upon men, but upon the law.

The question may be asked: Why would the importers desire to flood the American market with imports? The question may be answered by a question: Why were the import taxes reduced by the State Department unless that Department anticipated additional imports? Current history furnishes an answer. Last August the importers, who have tremendous domestic production interests in the United States, bulged imports, and their subsidiaries cut the domestic price that they would pay for oil to be used domestically and for export, obviously for profit to the importers in the export trade, for they are not only importers, but among the greatest of exporters, and they control the world trade in oil. Only the most drastic shut-down methods by the Governors of the States, and the possibility of congressional action, prevented this near catastrophe in the oil business.

The domestic conservation plan is for the prime purpose of stabilizing the oil industry and the saving of the more than 300,000 stripper wells, which are the foundation of the independent oil industry. The loss of these wells would be a serious blow to our national defense and to the industry, as well as to the consumer. Surely the Federal Government desires to do nothing that would hamper this program.

Any discussion of imports of foreign oil on the theory that it reduces the price of asphalt would be based upon a false premise, because prior to the excise taxes asphalt sold for more than $12 a ton, and since the adoption of excise taxes asphalt has averaged a little over $11 a ton, or a general average of $1 per ton less than before.

The action of the Department in treating the excise taxes on oil in the Venezuelan agreement resulted in a cut in half of the import excise, in figures a cut from 21 cents per barrel to 10½ cents per barrel. There is a provision in the agreement for a 5-percent quota. That is to say, the total imports of oil to be allowed are 5 percent of the preceding year's refinery runs in the United States. It may be argued that this protects the situation. The quick answer is that the importers can and will import the 5-percent quota at 10½ cents, and in addition to that, will import whatever they please, without let or hindrance from the State Department, at 21 cents a barrel, and millions of barrels can flow into the United States, and the Texas oil man at the same time will be prorating his wells to 21 barrels of oil a day, or less.

The importer-monopolists are not afraid of the 21-cents-a-barrel excise. They are afraid of the threat it contains so long as Congress has control. The difference in cost of production in Venezuela, together with transportation charges to the eastern seaboard, as between Venezuelan oil and American oil, has been an average of $1.03 a barrel. So what does 10½ cents a barrel mean to them? What does 21 cents a barrel mean from the standpoint of abnormal profit?

No; the importers in the past have been fearful that abnormal imports, and the breaking of the domestic market thereby, would bring an avalanche of congressional action down upon their heads and that the excise taxes might be raised so as to protect the American producer. This is the reason that in the past 7 years they have behaved reasonably well. Now that the matter has gone from the control of Congress, from a practical standpoint, they need have no such fears. That, I submit, is the reason why Senator HARRISON, in the debate on the original trade agreement, advised the Senate that we do not propose to put the excise taxes under the trade-agreement statute. That is why the House report inveighed against the use of excise taxes as tariffs.

It may be argued that Congress can rectify the situation in that it has not lost control, but Dr. Grady, Assistant Secretary of State, before the Ways and Means Committee indicated that it would be a breach of an international obligation if Congress should take action against the trade agreement or its provisions. If his position is correct, then these

agreements are not agreements at all, but are treaties which require Senate ratification. But his position appears to be that, although they are not treaties but simple trade agreements, still it would be a violation of an international obligation for Congress to touch the subject.

To summarize: This amendment should be in this bill in order that Congress may maintain its supervision over the monopolists, since the States are maintaining supervision over every oil producer, no matter how small, in the Nation. This is the last opportunity for at least 3 years that Congress will have to rectify this situation in which not only are the excise taxes cut in half, not only are the free imports of bunker oil—last year's imports being 22,000,000 barrels—bound as free, as to any amount the monopolists may care to import, but the remainder bound at 21 cents per barrel, thus denuding Congress of any power or control or supervision over the world-powerful importers, while the States at the same time are exercising control over the independents.

It will not do to say that this is already a fact accomplished. If this amendment passes Congress, it is, in effect, a mandate to the State Department to rectify its oversight in this matter, and it is a warning to the importers that they must not destroy the domestic petroleum industry by ruthless methods of the earlier days—methods that are invited by this present situation.

Without this amendment there is no mandate, unless it be a mandate to the Department to continue this most egregious mistake. [Applause.]

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. Yes.

Mr. BECKWORTH. The gentleman mentioned the fact a moment ago that we in Texas pro rate 20 barrels of oil per day. That is true. Furthermore, last year we had 115 shutdown days, and that shows just how serious the proposition of excess oil is in east Texas, the oil field that is in my district.

Mr. DISNEY. If it is to say that this is a fact accomplished, that will not do. That is not sound reasoning.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CROWTHER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. DISNEY. If this amendment passes the Congress it is in effect a mandate to the State Department to revise this oversight. It is a warning to the importers that they must not destroy the domestic petroleum industry by the ruthless methods of the earlier days; methods that are invited by this situation. Without this amendment there is no mandate unless it be a mandate to the department to continue as it is doing.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. HOUSTON. Has it ever been determined legally whether the Secretary has a right to lower the excises?

Mr. DISNEY. I doubt if you could get into court on that question.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. COFFEE of Nebraska. The gentleman has made a most interesting statement with reference to oil. Does not the gentleman think that in order to protect a lot of other commodities that might come under some future trade agreement, it would be advisable to provide for Senate ratification?

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. CROWTHER. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF of Michigan. Mr. Chairman, I shall discuss briefly at this time three factors which have a vital bearing upon this whole question of foreign trade agreements.

The administration has insisted that its methods of conducting the Trade Agreement Act would "soften the mind of the world toward peace."

The administration has also claimed that its method of administering the Trade Agreement Act would increase agricultural exports.

In addition to dealing with those two phases, I want also today to discuss the question of discriminations against our commerce by other nations.

Now, Mr. Chairman, the test of this entire act is to be applied, the success of this entire act is to be measured, the desirability of continuing this act should be determined, it seems to me, upon whether or not the three objectives, among others, of "softening the mind of the world toward peace," increasing agricultural exports, and eliminating discriminations, have been achieved.

It is to no purpose, and it is dangerous, to indulge in political vaporings and partisan subterfuges when we have the definite, precise gages before us by which we can determine this question.

Secretary of State Hull declared before the Ways and Means Committee as long ago as 1937 that one of the prime purposes of the act was to "soften the mind of the world toward peace." Let me take the time to give you the details of that declaration:

When a resolution, similar to the one now under consideration, was before the Ways and Means Committee 3 years ago the Secretary of State appeared and asked the committee to approve the resolution extending the so-called Reciprocal Trade Agreements Act for 3 years. The most significant fact apparent in the hearings at that time was the utter indifference of both the Secretary himself and of his Assistant Secretary, Francis B. Sayre, to our rapidly diminishing trade balance. Both these gentlemen endeavored to convince the committee that great benefits had been reaped by the people of this country through the operations of the act.

A very natural curiosity prompted some of the minority members of the committee to ask the Secretary for a bill of particulars as to what those benefits might be.

After much insistence, Secretary Hull finally stated that the policy had resulted in "softening the mind of the world toward peace." And I will say, in addition, that he gave no other accomplishment as a result of 2½ years of the operation of the act. Turning back every economic question asked him, the Secretary invariably replied that the question was "not relevant to the larger purposes involved," which he said was to "soften the mind of the world toward peace."

The principal theme of his argument, then as now, was that through lowering our tariff barriers, and thus, in effect, throwing our markets open to foreign producers and allowing them to sell their products in this country in competition with our own producers, we could bring about a "softening of the mind of the world toward peace," and establish a reign of brotherly love throughout the world; also that we could develop in the nations of the Old World a spirit of unselfishness—not to say generosity—which, in their dealings with each other and with us, has been a motive utterly unknown in years gone by.

Mr. Chairman, for 5½ years this law has been on the statute books. The Secretary of State has, during this time, negotiated 22 trade agreements with foreign countries. In each agreement we granted certain reductions of tariff on competitive imports, and they, in return, granted certain concessions to us. In every instance the United States has immediately extended to every other nation in the world, except Germany—and Australia for a short time—every reduction of tariff, and every benefit we granted to the nation with which we entered into an agreement. But, as you know, we asked from these other nations nothing except that they should

give us in return most-favored-nation treatment in their relations with us.

It was upon this theory that the Congress passed the act originally, and 3 years ago extended it for another period of 3 years. That was done in the first instance with the understanding that the Secretary would follow the law both in letter and spirit, and that he would see to it that when we extended to nonagreement nations the benefit given by us to the agreement nations we should immediately receive from both every privilege and benefit which either had granted to any other nation in the world.

This, Mr. Chairman, was the intent and the definite understanding of the committee and the Congress. That this is so is indicated by the provision in the law giving to the President the power to withhold from any nation the benefits when such nations failed to grant us most-favored-nation treatment.

Inasmuch as the resolution now before us provides another 3-year extension of the Trade Agreement Act, it is vitally important that we examine the facts disclosed during the recent hearings on the resolution to learn for ourselves whether the administration of the law has been what Congress was led to believe it would be; what progress, if any, has been made toward reaching the declared objectives, these basic assumptions, upon which every argument in favor of the act and its extension must be based.

It is important that we determine for ourselves how foreign nations have reacted to this attempt to eradicate misunderstandings and wars between nations, and to eliminate discriminations and barriers in international trade.

The utter futility of this idealistic undertaking is abundantly proved by our experiences during and following the years 1917, 1918, and 1919, when we attempted to achieve the objectives which the Secretary of State has declared inspire his present endeavor to bring peace to the peoples of the world by this process.

We tried it then by contributing the lives and the health of nearly half a million American boys. We tried it then by bringing agony and suffering to the hearts of millions of relatives of these American boys. We tried it then by spending and lending more than $40,000,000,000 of the American taxpayers' money in that attempt to soften the mind of the world toward peace.

The figures and facts concerning our efforts of those years reduce to a tragic absurdity the present contention that trade agreements will accomplish that which we failed to accomplish by our monumental sacrifices of those days.

Mr. Chairman, there were nearly 40,000 American boys killed in action. More than 14,000 others died of wounds received in action. Nearly 200,000 others were wounded in action. Nearly 77,000 died of disease, accident, and other causes during their services in the war. More than 100,270 with service-connected disabilities have died since the war, many of them victims of the service they rendered their country.

There are today 344,119 World War veterans receiving compensation for service-connected disabilities. There are 40,991 widows, 82,768 dependent parents, and 57,881 dependent children of deceased World War veterans receiving compensation. There are 55,739 veterans drawing $30 per month for total and permanent disabilities not connected with their service. All these constitute a continuing contribution to the futile ideal of world peace through our lone Nation's efforts.

Another thing, Mr. Chairman, which we Americans should never forget is this: When that war ended, and the victors and the vanquished gathered around the conference table at Versailles, there was no dove of peace hovering over that assembly. There was no soft and gentle attitude toward the brotherhood of man in that mirrored palace. There was none of sympathy, none of unselfishness, not a thought or a desire to build for the future peace among those representing the nations of the Old World. In all that solemn and historic conclave the only voice raised in behalf of the future peace of the world, the only one who came there with hands clean, and heart free of greed and hatred, was the United States of America. Every other nation among the victors was there literally sweating with a fever of greed, of selfishness, of a desire to outdo the others in clutching the spoils of victory.

Now, Mr. Chairman, let us have no illusions. Had the Central Powers, instead of the Allies, won that great conflict, the conditions—and the results—at Versailles would have been exactly the same. The victors would have been utterly without mercy, regardless of what group they might be.

Into that conclave strode the President of the United States. He laid upon the altar of future peace all of our killed and wounded; all those of broken bodies; all those of shattered minds; all the widows and the orphans; all the dependent fathers and mothers; all the sum of that incalculable human agony; and all those billions of American money, which we are still paying, and must continue to pay for generations to come. All of these, I say—the whole of this dreadful sacrifice—he laid upon the table at Versailles, and he asked for—what? Money reparations? No. Additional territory? No. Not one dollar of money, not one foot of additional territory did he seek in return for America's supreme sacrifice. He asked only that the nations of the world live at peace with us, and with one another.

Mr. Chairman, there are perhaps few of us in this Congress who, in greater or less degree, did not contribute to that monumental sacrifice, either in service or through ties of blood.

Not only did we lend money while the conflict was raging but after the peace of Versailles was signed these other nations came to us and with pleading, outstretched hands asked for and received more and still more of our billions of money. Eighteen of those nations, Mr. Chairman, borrowed money from us during the conflict and after the conflict was ended. They borrowed this money, not only while their house was burning, not only after it was in ashes, but they came to us and borrowed the money to rebuild. And then what happened? Almost from the day they got the last dollar everyone of those nations, with one magnificent exception, began to plan and plot and whine that they ought not have to repay their honest debt to us. With a strange—and amazingly strange—similarity to individuals, those debtor nations, with one exception, began to justify to themselves the nonpayment of their debts by beginning to abuse and to hate their creditor. We were Uncle Shylock. It had not been their war, but our war. They were preventing the enemy from crossing the sea to destroy us. They were preserving our democracy. These were some of the rationalizations they adopted to justify in their own minds their repudiation of their honest debts to us.

Those debts are unpaid to this hour. Those debts stand repudiated to this day.

Principal of the funded and unfunded indebtedness of foreign governments to the United States, the accrued and unpaid interest thereon, and payments on account of principal and interest, as of June 30, 1939

	Total indebtedness (payments on principal deducted)	Total payments received	Funded indebtedness				Unfunded indebtedness			
			Indebtedness		Payments on account		Indebtedness		Payments on account [1]	
			Principal (net)	Accrued interest	Principal	Interest	Principal (net)	Accrued interest	Principal	Interest
Armenia	$23,803,104.11						$11,959,917.49	$11,843,186.62		
Belgium	453,324,480.11	$52,191,273.24	$400,680,000.00	$52,644,480.11	$17,100,000.00	$14,490,000.00			$2,057,630.37	$18,543,642.87
Cuba		12,286,751.58							10,000,000.00	2,286,751.58
Czechoslovakia	[2] 165,762,044.80	20,134,092.26	165,241,108.90	520,935.90	19,829,914.17					304,178.09
Estonia	[3] 21,029,440.02	1,248,432.07	16,466,012.87	4,563,427.15		1,246,990.19				1,441.88
Finland	8,233,157.56	5,656,598.77	8,119,331.70	113,825.86	880,668.30	4,466,615.20				309,315.27
France	4,180,628,819.88	486,075,891.00	3,863,650,000.00	316,978,819.88	161,350,000.00	38,650,000.00			64,689,588.18	221,386,302.82
Germany (Austrian indebtedness) [4]	[3] 26,011,672.09	862,668.00	25,980,480.66	31,191.43	862,668.00					
Great Britain	5,497,069,379.48	2,024,848,817.09	4,368,000,000.00	1,129,069,379.48	232,000,000.00	1,232,770,518.42			202,181,641.56	357,896,657.11
Greece	34,295,967.22	4,039,888.01	31,516,000.00	2,779,967.22	981,000.00	1,896,812.00			2,922.67	1,159,153.34
Hungary	[3] 2,388,730.08	507,778.96	1,908,560.00	480,170.08	73,995.50	433,030.42				753.04
Italy	2,024,150,441.19	100,829,880.16	2,004,900,000.00	19,250,441.19	37,100,000.00	5,766,708.26			364,319.28	57,598,852.62
Latvia	[3] 8,668,365.93	761,549.07	6,879,464.20	1,788,901.73	9,200.00	621,520.12				130,828.95
Liberia		36,471.56							26,000.00	10,471.56
Lithuania	[3] 7,760,608.08	1,237,956.58	6,197,682.00	1,562,926.08	234,783.00	1,001,626.61				1,546.97
Nicaragua [6]		168,575.84							141,950.36	26,625.48
Poland	[3] 263,166,398.70	22,646,297.55	206,057,000.00	57,109,398.70	1,287,297.37	19,310,775.90				2,048,224.28
Rumania	[3] 63,999,476.67	4,791,007.22	63,860,560.43	138,916.24	2,700,000.00	29,061.46			1,798,632.02	263,313.74
Russia	390,298,848.71	[7] 8,750,311.88					192,601,297.37	197,697,551.34		[7] 8,750,311.88
Yugoslavia	61,779,062.52	2,588,771.69	61,625,000.00	154,062.52	1,225,000.00				727,712.55	636,059.14
Total	13,232,369,997.15	2,749,663,012.53	11,231,081,200.76	[8] 1,587,186,843.57	475,634,526.34	1,320,683,658.58	204,561,214.86	209,540,737.96	281,990,396.99	671,354,430.62

[1] Payments of governments which have funded were made prior to the date of the funding agreements.

[2] Differences between principal of funded indebtedness and amounts here stated represent deferred payments provided for in the funding agreements, for which bonds of the respective debtor governments have been or will be delivered to the Treasury.

[3] Increase over amount funded due to exercise of options with respect to the payment of interest due on original issue of bonds of debtor governments.

[4] The German Government has been notified that the Government of the United States will look to the German Government for the discharge of this indebtedness of the Government of Austria to the Government of the United States.

[5] Includes additional bonds aggregating $3,489,482.75 received July 23, 1937, in exchange for bonds aggregating $1,207,742 and annuities aggregating $69,534.46, payable on Jan. 1, 1933, 1934, and 1935, but postponed as provided by agreements of May 8, 1930, and Sept. 14, 1932.

[6] The United States holds obligations in the principal amount of $289,898.78, which, together with accrued interest thereon, are to be canceled pursuant to agreement of Apr. 14, 1938, between the United States and the Republic of Nicaragua, ratified by the U. S. Senate on June 13, 1938.

[7] Represents proceeds of liquidation of financial affairs of the Russian Government in this country. (Copies of letter dated May 23, 1922, from the Secretary of State and of reply of the Secretary of the Treasury dated June 2, 1922, in regard to loans to the Russian Government and liquidation of affairs of the latter in this country appear in the Annual Report of the Secretary of the Treasury for 1922, as exhibit 79, p. 283, and in the combined annual reports of the World War Foreign Debt Commission, as exhibit 2, p. 84.)

[8] Includes balances of amounts postponed under provisions of joint resolution of Dec. 23, 1931. (For amounts postponed, see p. 35 of Annual Report of the Secretary of the Treasury for 1932.)

RECEIPTS FROM GERMANY

The status of the indebtedness of Germany to the United States as of June 30, 1939, under the funding and moratorium agreements, is summarized in the following tables:

Amount of indebtedness

	Indebtedness as funded	Total indebtedness as of June 30, 1939	Principal	Interest accrued and unpaid [1]
Army costs (reichsmarks)	1,048,100,000	1,017,530,297.12	997,500,000	20,030,297.12
Mixed claims (reichsmarks)	2,121,600,000	2,095,590,000.00	2,040,000,000	55,590,000.00
Total (reichsmarks)	3,169,700,000	[2] 3,113,120,297.12	3,037,500,000	75,590,297.12
Total (in dollars, at 40.33 cents to the reichsmark)	1,278,340,010	1,255,521,415.83	1,225,023,750	30,497,665.83

[1] Includes interest accrued under unpaid moratorium-agreement annuities.
[2] Includes 4,027,611.95 reichsmarks deposited by the German Government in the Konversionskasse für Deutsche Auslandsschulden and not paid to the United States in dollars as required by the debt and moratorium agreements.

Payments received

	Total payments received as of June 30, 1939	Payments of principal	Payments of interest
Army costs (reichsmarks)	51,456,406.25	50,600,000.00	856,406.25
Mixed claims (reichsmarks)	87,210,000.00	81,600,000.00	5,610,000.00
Total (reichsmarks)	138,666,406.25	132,200,000.00	6,466,406.25
Total (in dollars)	35,587,809.69	31,539,595.84	2,048,213.85

Amounts not paid according to contract terms, June 30, 1939

Date due	Funding agreement		Moratorium agreement	Total
	Principal	Interest		
	Reichsmarks	*Reichsmarks*	*Reichsmarks*	*Reichsmarks*
Sept. 30, 1933		2,498,562.50	1,529,049.45	[1] 4,027,611.95
Mar. 31, 1934	122,400,000		1,529,049.45	123,929,049.45
Sept. 30, 1934	20,400,000	3,855,687.50	1,529,049.45	25,784,736.95
Mar. 31, 1935	82,900,000	4,534,250.00	1,529,049.45	88,963,299.45
Sept. 30, 1935	29,700,000	5,212,812.50	1,529,049.45	36,441,861.95
Mar. 31, 1936	29,700,000	5,891,375.00	1,529,049.45	37,120,424.45
Sept. 30, 1936	29,700,000	6,569,937.50	1,529,049.45	37,798,986.95
Mar. 31, 1937	29,700,000	7,248,500.00	1,529,049.45	38,477,549.45
Sept. 30, 1937	28,600,000	7,927,062.50	1,529,049.45	38,056,111.95
Mar. 31, 1938	28,600,000	8,585,687.50	1,529,049.45	38,714,736.95
Sept. 30, 1938	28,600,000	9,244,312.50	1,529,049.45	39,373,361.95
Mar. 31, 1939	28,600,000	9,902,937.50	1,529,049.45	40,031,986.95
Total	458,900,000	71,471,125.00	18,348,593.40	548,719,718.40
Total (in dollars, at 40.33 cents to the reichsmark)	$185,074,370	$28,824,304.71	$7,399,987.72	$221,298,662.43

[1] Includes 4,027,611.95 reichsmarks deposited by the German Government in the Konversionskasse fur Deutsche Auslandsschulden and not paid to the United States in dollars as required by the debt and moratorium agreements.

Mr. Chairman, I said that there was one exception among the 18. There was. It was that magnificent, that sturdy, honest, brave little Republic of Finland, who today—God strengthen her arm—is with such superb bravery fighting the Russian Communist hordes to a standstill. Little Finland paid her debts. She met her payments, principal and interest, on every due date. Even since she has been battling against the invasion of the godless hordes of Communists, little Finland has made a payment on her debt.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF of Michigan. I yield.

Mr. REED of New York. I just want to remind the House again that Russia is fighting Finland, pounding and breaking the line, with our exports that they are bragging about on the other side.

Mr. WOODRUFF of Michigan. I am happy to have the gentleman from New York put that statement into my speech. It is a contribution from the splendid speech he made this afternoon, which every Member of this House ought to read and ponder.

As we recount these facts, Mr. Chairman, it seems incredible that this was not sufficient evidence to convince us that the other countries of the world did not burn and yearn for peace and good will as do we.

But it seems it was not enough.

So again we embark upon this hopeless quest of peace and good will between the nations, with the United States being the lone laborer in the vineyard of peace with all the other nations resisting our advances.

The original Trade Agreement Act was passed by this Congress on June 12, 1934.

Mr. Chairman, I now want to read a chronological list of military operations by other nations, for the benefit of my colleagues present.

Italy invaded Ethiopia October 2, 1935.
Germany entered upon the Saar occupation March 1, 1935.
The Spanish civil war began July 18, 1936.
The invasion of China by Japan began July 7, 1937.
Austria was forcibly absorbed by the German Reich March 15, 1938.
The Germans took over Sudetenland and dismembered Czechoslovakia October 1 to 10, 1938.
Hungary was absorbed by the Germans November 2, 1938.
Russia signed a "mutual assistance" pact with Estonia September 30, 1939.
The Communists signed a "mutual assistance" past with Latvia October 4, 1939.
The Communists signed a "mutual assistance" pact with Lithuania October 10, 1939.

These mutual assistance pacts, so-called, were compelled by Russia; were thrust upon Estonia, Latvia, and Lithuania and were simply one-way pacts, and these little nations have, in fact, become the unwilling pawns of the Russian communistic regime.

Germany absorbed Bohemia-Moravia March 14, 1939.
Germany completed her dominion of Czechoslovakia March 14, 1939.
Germany took Memel March 22, 1939.
Germany took Danzig September 1, 1939.
The destruction of Poland began September 1, 1939.
The Communist invasion of Finland began November 29, 1939.

"Softening the mind of the world toward peace?" Why, Mr. Chairman, the list I have just read you shows that the longer this trade-agreement policy has gone on and the more agreements that are entered into the greater the number and the more ruthless the character of the armed depradations of big nations against little ones. These depredations have progressively increased in number, magnitude, intensity, and ruthlessness.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF of Michigan. I am sorry. I have not time to complete my statement.

Mr. BUCK. I just wanted the gentleman to include in his statement that he did not indicate that the trade agreements had brought on these wars.

Mr. WOODRUFF of Michigan. Oh, I made no such statement. I did not even infer that the agreements were in any way responsible for present wars, I will say to the gentleman from California.

Now, Mr. Chairman, of course, it is to challenge the common sense of the Nation by a grotesque absurdity to say that these trade agreements, being achieved and conducted as they are, have had the slightest effect in "softening the mind of the world toward peace."

The amazing effrontery is that some of the spokesmen of the administration still continue to claim that these trade agreements will aid in bringing about a peace. In other words, having failed to prevent the malady, its proponents now bring forth the utterly illogical argument that their remedy will cure the disease it has so signally failed to prevent.

Before I leave this point of world peace, Mr. Chairman, let me remind my colleagues that the conditions under which other nations live, their very geographical juxtaposition, have given them the habit of armed conflicts. That habit of war has persisted among those peoples since before the dawn of recorded history. It is not trade agreements but intelligence, enlightenment, and unselfishness—that, and nothing else—that will ever bring universal peace among the nations of the world, if it should be achieved.

Now, with regard to the second point, the promised increase in the foreign markets for our surplus farm products, I want to quote Dr. John Lee Coulter, Ph. D., LL. D., one of the greatest economic authorities in this country, who appeared before the Ways and Means Committee and subjected himself to cross-examination as long as the committee desired. He says:

The primary purpose of the trade-agreements program was stated to be to restore or recover our foreign market for farm surpluses. But the fact is that exports of farm products fell from $787,343,000 during the fiscal year 1933–34 to $682,962,000 during the fiscal year 1938–39—a decrease of over $104,000,000, although farm prices increased from an index of 70 to an index of 95 (1909–14=100). In other words, at the increase in price, farm exports should have been $1,069,560,000 by 1938–39, merely to hold its own. So there was an actual decrease in quantity of exports of farm products of 36 percent from 1933–34 to 1938–39, during the full 5-year period of trade agreements from June 1934 to June 1939.

Now, Mr. Chairman, if this is not enough thoroughly to establish before this body the utter failure of the administration's trade agreements to increase farm exports and to benefit the American farmer, let me point out that although this administration has taxed the American people more than four billions of dollars in an attempt to give the farmer parity price for his product it wants to persist for 3 years more in this trade-agreement policy that is diametrically opposed to the policy of its own Agricultural Department.

Does anyone challenge this statement? Let me introduce at this point, Mr. Chairman, a letter which I wrote to the Secretary of Agriculture on January 9, last, in which I stated:

JANUARY 9, 1940.

Hon. HENRY A. WALLACE,
Secretary of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: I should be glad to receive the following information with respect to each of the agricultural items on which the tariff rate has been reduced under the various agreements made by authority of the Reciprocal Trade Agreements Act of 1934 and 1937:

(a) The parity price of the commodity at the time the trade agreement reducing the tariff thereon became effective.

(b) The average domestic market price at that time.

(c) The parity price of the commodity in question as of August 31, 1939.

(d) The average domestic market price thereof as of August 31, 1939.

The foregoing information is desired in connection with the forthcoming hearings on the extension of the Trade Agreements Act, so I should appreciate receiving it at the very earliest possible. As the information on some of the items may require more time for compilation than others, I suggest that the data immediately available be sent to me without delay and the remainder as soon as practicable.

Yours very truly,

ROY O. WOODRUFF.

You will notice, Mr. Chairman, that I asked for the parity price of the commodities in question as of August 31, 1939, and for the average domestic market price thereof as of the same date, because I did not want the figures complicated and befogged and befuddled by other figures applicable to an artificial war condition.

I now, Mr. Chairman, ask unanimous consent to insert at this point in my remarks the table which I received from the Secretary of Agriculture showing the prices of certain agricultural imports on which duties have been reduced by trade agreements.

Prices of certain agricultural imports on which duties have been reduced by trade agreements

Commodity	Date reduction became effective [1]	Parity price		Average price received by United States farmers	
		As of date reduction became effective [2]	As of Aug. 15, 1939 [3]	As of date reduction became effective [2]	As of Aug. 15, 1939
Cattle (per 100 pounds)	Jan. 1, 1939	$6.56	$6.51	$6.68	$6.50
Hogs (per 100 pounds)	do	9.10	9.02	6.96	5.47
Chickens (per pound)	do	.144	.142	.140	.130
Eggs (per dozen)	do	.294	.251	.188	.175
Barley (per bushel)	do	.780	.774	.380	.345
Buckwheat (per bushel)	do	.920	.912	.537	.548
Oats (per bushel)	do	.503	.499	.263	.254
Rye (per bushel)	do	.907	.900	.347	.342
Hay (per ton)	do	14.96	14.84	6.79	6.77
Potatoes	do	.854	.842	.644	.691
Apples	do	1.21	1.20	.95	.66

[1] The date of the latest agreement is given when more than one agreement is involved (e. g., the duty on hay was fixed at $3 per ton in the agreement with Canada which became effective Jan. 1, 1936, and at $2.50 per ton in the agreement which became effective Jan. 1, 1939. The latter date is used in the table).

[2] Prices given are as of the 15th of the month in which the tariff reduction became effective.

[3] Subject to revision.

You will note that in the first column is shown the commodity—and the Agricultural Department made its own selection of the commodities shown therein. The second column shows the date the tariff reductions became effective. The third column shows the parity price as of the date the reduction in tariffs became effective. The fourth column shows the parity price as of August 15, 1939. The fifth column shows the average price received by United States farmers as of the date of the reduction of the tariff, and the sixth column shows the average price received by United States farmers as of August 15, 1939.

Now, keep in mind, Mr. Chairman, that this table was prepared by the Department of Agriculture. If you want to see figures which incontrovertibly show the futility, so far as help to the farmers of America is concerned, of the trade-agreements policy as at present administered, note the fact that domestic prices when the tariff on the products became effective were, in most instances, a mere fraction of parity as of that date.

Read those figures and weep.

I think I have proved to the satisfaction of any fair-minded person that the second objective, namely, increasing agricultural exports, promised by the proponents of this bill in the beginning and again 3 years later, simply has not been achieved.

Now, Mr. Chairman, I come to the question of discrimination against our foreign commerce.

It does not require a State Department protocol expert or an administration economist to tell us that if neighbors living side by side, and endeavoring to establish community good will, were busy discriminating against each other and injuring each other in their everyday associations, there would not be a vestige of community good will possible.

It requires no experts of the State Department to tell us that so long as trade is the chief object and activity of other nations, and that so long as those nations are discriminating against us and against each other, there can be no vestige of world-wide good will that can be depended upon to last overnight.

Now, just in case some of you might not know just how widespread these dicriminations between nations are, I have taken the pains to investigate and to secure figures concerning these discriminations.

As you well understand, Mr. Chairman, this question of discriminations against our foreign commerce by countries with which we have negotiated trade agreements and by nonagreement nations is one of the most important factors entering into this whole discussion.

As we all know, when we sign with another nation an agreement wherein each extends to the other certain concessions and benefits, we immediately extend to every other nation in the world except Germany all the benefits or concessions we have given the nation with which we have agreed.

Now, Mr. Chairman, it may hurt your pride in your country to know that we are the only nation in the world scrupulously following this foolish policy.

Before we can examine the problem in its true perspective it is necessary to have in mind very clearly the theoretical case for the trade-agreements program.

One of the major purposes of the Trade Agreements Act passed in 1934 was to increase the volume and area of multilateral trade through the elimination of trade barriers. Under conditions of multilateral trade countries buy and sell on the basis of competitive price. Countries buy in those markets where they can obtain the best terms and the best goods, and they sell wherever they have a price advantage. Thus, to increase multilateral trade would mean increasing the share of world trade carried on without benefit of Government schemes designed to balance a country's imports against its exports, or schemes designed to gain an artificial advantage over a competitor.

The New Deal hoped to increase the area given over to multilateral trade by encouraging foreign countries to remove the various obstacles to competitive trade and to refrain from entering into additional bilateral trade agreements. The United States stood to benefit from such a program, inasmuch as our producers are highly efficient, and inasmuch as our farmers and manufacturers are ready to provide a large quantity of products desired by foreign peoples.

Now, there is nothing wrong with that idea as a theory. Theoretically we and every country in the world, were it possible to bring it about, could benefit by freeing trade from such controls as import quotas, license schemes, exchange restrictions, purchase agreements, import monopolies, and other devices which tend to encourage bilateral trade. There is no question but that we would benefit from any program which would successfully open foreign markets to our commerce and remove existing discriminations against our trade.

It is unfortunate, but nevertheless true, that the New Deal trade-agreements program has not achieved this objective. After 5 years of the operation of this act, foreign countries, including both agreement and nonagreement, are negotiating more bilateral trade agreements than previously; and since the outbreak of war this trend has gained even greater momentum. While the administration claims a slight advantage here and there as a result of its program, it has not been able to disprove my contention that foreign countries are moving faster than ever toward complete bilateral trade or barter and that American commerce is discriminated against on every hand in the markets of the world.

In fact, evidence presented during 3 weeks of hearings completely substantiated my position and, among other things, showed that countries with which we have negotiated agreements are among the worst offenders.

Only partial data are available, but such data are sufficient to show that 11 trade-agreement countries had 33 clearings agreements, 49 clearings and payments agreements, and 26 payments agreements in force as of March 1, 1939. In addition, 7 Latin American countries with which we have agreements practice some form of exchange restriction.

Thus a veritable network of exclusive agreements has grown up around the very markets in which the United States was guaranteed equal treatment. The seriousness of the situation is well summarized by a study of the Tariff Commission published in 1937. Therein it is stated:

> The increased use * * * of quota restrictions on imports, of governmental control over the distribution of foreign exchange, and of clearing and compensation agreements between various pairs of countries has tended to reduce the value of equal tariff treatment and of the most-favored-nation guaranty.

I further find that the Department of Commerce has also concerned itself with this problem. And it is about time it did, if it really wishes to protect American commercial interests. In the annual report of the Secretary of Commerce for 1939, he pointed out that obstacles to foreign intercourse became even more numerous and more complex during the past year than in preceding years. Rather belatedly he noted that various forms of exchange restrictions imposed by foreign governments have created a problem of obtaining effective payments in dollars quite apart from ordinary difficulties of securing and holding foreign markets for American products. He further observed that restrictions were not only placed upon the free conversion of foreign currencies into dollars but also the requirement that exchange allotments must be obtained before goods are passed through customs or even before goods are ordered. To quote from the Annual Report of the Secretary of Commerce:

> Imports from the United States are frequently on a different footing from shipments originating in other countries, notably in instances in which clearing and compensation agreements are in effect or in which bilateral trade results in an excess of exports from this country, and special regulations are sometimes applied to the importation of particular commodities. * * * The situation has been rendered the more confusing during recent times by political dislocations in Central Europe and Asia and by the formation of trade areas and currency blocs to which access from outside areas is completely or partially closed by the use of extraordinary control devices.

In this connection, Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a report from the Tariff Commission, dated February 19, 1940, entitled "Commercial Agreements Signed Since January 1, 1935," and a table of 1,426 bilateral agreements entered into by nations of the world since that date.

COMMERCIAL AGREEMENTS SIGNED SINCE JANUARY 1, 1935

The tabulation attached is based on a preliminary examination of the commercial treaties and agreements signed since January 1, 1935, of all the countries of the world with all other countries. The tabulation is accurate with regard to Latin American countries, because for some months the Tariff Commission has been making an intensive examination of the texts of these agreements in connection with its Latin American study. For the other countries the list is made up from readily available sources. A careful check of the latter by the Tariff Commission both for purposes of tabulation and substantive material is now in progress.

This tabulation covers bilateral agreements; multilateral agreements are not included. In listing "commercial agreements" the following types of instruments are regularly included: Those which contain provisions affecting tariff rates, trade restrictions, customs regulations, and all types of clearing, compensation, payments, and exchange agreements. These instruments vary considerably both in their length and their formality. Those dealing with such matters as double taxation, trade-marks, navigation, commercial travelers, plant inspection, traffic agreements, and agreements for the payment of noncommercial debts have not been included.

"Basic agreements" include all agreements which do not supplement, modify, or renew other agreements. "Subsidiary agreements" cover all those which modify or supplement the basic agreements here listed and also any agreements that renew the basic agreements or agreements signed prior to January 1, 1935.

Commercial agreements signed since Jan. 1, 1935

Country	Basic agreements	Subsidiary agreements	Total
Afghanistan	2		2
Albania	3	2	5
Argentina	28	12	40
Australia	9	1	10
Austria	21	14	35
Belgium	55	35	90
Bolivia	9		9
Brazil	29	34	63
Bulgaria	28	3	31
Burma	1		1
Canada	19	9	28
Chile	31	36	67
China	2	2	4
Colombia	10	11	21

Commercial agreements signed since Jan. 1, 1935—Continued

Country	Basic agreements	Subsidiary agreements	Total
Costa Rica	8		8
Cuba	6	4	10
Czechoslovakia	34	36	70
Danzig	4		4
Denmark	26	14	40
Dominican Republic	1	2	3
Ecuador	9	13	22
Egypt	5	9	14
Estonia	25	26	51
Ethiopia	2		2
Finland	24	34	58
France	127	82	209
Syria and Lebanon	3		3
Germany	132	145	277
Slovakia	4		4
Greece	48	27	75
Guatemala	7	3	10
Haiti	10	5	15
Honduras	1		1
Hungary	35	25	60
Iceland	4	2	6
India	4	3	7
Iran	6		6
Iraq	7		7
Ireland	10	9	19
Italy	132	91	223
Japan	17	3	20
Manchukuo	3	2	5
Latvia	25	16	41
Liberia	4		4
Lithuania	27	9	36
Luxemburg	4	1	5
Mexico	3	3	6
Monaco		1	1
Muscat	1	1	2
Netherlands	59	27	86
New Zealand	3	2	5
Nicaragua	2	2	4
Norway	41	12	53
Panama	1		1
Paraguay	5		5
Peru	5	5	10
Poland	57	50	107
Portugal	19	3	22
Mozambique		1	1
Rumania	62	57	119
Salvador	7	8	15
Siam	15	2	17
Spain	38	7	45
Sweden	52	16	68
Switzerland	44	36	80
Turkey	73	51	124
Union of South Africa	22	16	38
Union of Soviet Socialist Republics	35	13	48
United Kingdom	67	57	124
Bechuanaland	2		2
Newfoundland	1		1
Northern Rhodesia		1	1
Palestine	2		2
Southern Rhodesia	3	2	5
United States	36	14	50
Uruguay	25	1	26
Venezuela	11	17	28
Yemen	2	1	3
Yugoslavia	32	20	52
79 countries (including 9 colonies or dependencies)	858	573	1,426

NOTE.—Because each bilateral agreement involves 2 countries and in order to avoid counting any such agreement twice, the above totals are one-half the figures that would be obtained by adding the individual country figures. Thus, in terms of the world, the 79 countries as listed have, as the result of negotiations since the beginning of 1935, undertaken commercial commitments with respect to tariffs and trade representing 2,852 engagements by individual countries, equivalent to 1,426 bilateral agreements.

Mr. Chairman, I do not mean to infer that all of these bilateral agreements discriminate against the commerce of the United States. I do say, however, that in a great, great many instances they do, in that benefits accruing to the two agreeing nations are not extended to the United States nor are existing barriers to our commerce removed.

Inasmuch as we discriminate against no nation, and that we extend to every nation in the world except Germany every benefit granted to any trade-agreement nation, the condition outlined above is to be deplored, for it postpones the day when we can hope to regain markets that are so sorely needed if the American farmer and laborer are to prosper. As every farmer in this country knows, the major thing lacking in 1932 was finding increased outlets for surplus American farm products and regain, in part at least, our place in world agricultural trade, a place that we had largely lost as a result of Europe's movement toward self-sufficiency and totalitarianism. But the situation grows progressively worse. Farm exports totaled $683,000,000 during the fiscal year 1939 compared with $752,000,000 in 1932, or a drop of 10 percent in the total value of our farm exports. In terms of volume, farm exports declined 35 percent between 1932 and 1939. Cotton exports dropped 50 percent, wheat exports 15 percent, cured-pork products 22 percent, and lard exports 56 percent. These, it might be noted, are the very same farm products, markets for which were promised the farmers by the advocates of the New Deal trade-agreements program from its very inception.

I pointed out above that the major reason for the failure of the New Deal trade-agreements program lies within the New Deal itself. It negotiates treaties in an atmosphere of sweetness, wishful thinking, and foolish disregard of the immediate and crying need of our own people. It assumes that foreign nations are looking to our interest before protecting their own interest. It, in fact, holds out the hand of brotherly love, at the same time permitting foreign nations to discriminate against our trade while holding in our hands unused the power with which to end this discrimination. By the act itself the President is authorized to withhold from all nations discriminating against our commerce every benefit or concession granted to other nations in these agreements. In only one instance has he done this. I contend that is no way to secure respect for our commerce or to increase our trade.

Trade is competitive, and I know of no merchant on any of the main streets in this country who attempts to increase his volume of trade by encouraging his competitors to gain and keep an unfair advantage.

Now, Mr. Chairman, let me remind you that the bilateral agreements set forth in the table which I mentioned above are only those which have been entered into between countries of the world since January 1, 1935. They do not include bilateral agreements in existence prior to that date.

During the hearings before the Ways and Means Committee on this resolution, I took occasion very carefully to develop this question of discriminations with Dr. Coulter. I had previously gone into the matter—with no success—with both Secretary Hull himself and his assistant, Mr. Grady, seeking in vain to secure from them the name of a single country in the entire world that did not in some degree discriminate against the commerce of the United States.

Failing in this effort to extract information from the Secretary of State and the Assistant Secretary of State, Mr. Grady, I turned with better success to Dr. Coulter, and I wish to insert at this point in my remarks some of the interrogations and the answers appearing in the record concerning these discriminations:

Mr. WOODRUFF of Michigan. Dr. Coulter, you mentioned or used the word "discrimination" a moment ago.

Dr. COULTER. Yes.

Mr. WOODRUFF of Michigan. That prompts this question: How extensive do you believe discrimination against our trade exists in the world today?

Dr. COULTER. It has become formidable.

A statement was made a few evenings ago by one of the best-informed tariff men in the city that at the present time about one-third of the world's trade is under the direct control of barters and bilateral agreements, and other discriminatory controls.

Another one-third—almost exactly, he had the figures—was under the control of the empire systems in the form of preferential treatment, like Britain and her colonies and possessions, and Canada at Ottawa, the Runciman-Roca agreement with Argentina, and so forth.

So we now have two-thirds, in his judgment, leaving not over a third of the trade what you might call free flow, subject only to tariff rates.

Now I have not figured that out but that was used in the discussion, I might say, among four of us, one a former member of the Tariff Commission, who became Minister to Rumania, and Chile, and who has written a book or two; Mr. Brenckman and myself when we discussed these subjects at the Y. M. C. A. covering all phases of the tariff problem. That is when the statement was made.

So, in effect, according to that statement, one-third would seem to be either under the control of barter systems, bilateral agreements, licenses, permits blocking the exchange, and about one-third of

which was under a preferential system, largely imperial, but including France with her colonies; the Dutch with their colonies; and Belgium with her colonies, and so on.

Mr. WOODRUFF of Michigan. Doctor, I was, I am frank to say, rather startled that neither the Secretary of State, Mr. Hull, nor his assistant, Mr. Grady, could give me the name of a single nation, either trade-agreement nation or non-trade-agreement nation, that did not in some degree discriminate against our commerce.

Dr. COULTER. That is an old subject and you will recall this committee approved, in the act of 1930, section 338 (i)—I do not have the act before me, but I am sure it was section 338 (i) which defined foreign discrimination as a basis for action by the President in case the discrimination were deemed to be injurious to the foreign trade of this country.

And that section, 338 (i), set forth specifically that it is discrimination, even where an independent dominion or colony which has jurisdiction over its own trade, gives a preference to the mother country.

That proviso is, I think, being administered because it says that the President may take such steps as he may deem desirable in case of discrimination deemed to be injurious to our foreign trade.

In other words, the law defines the discrimination outright, but the law does not require the President to penalize by embargo on their goods, or entering under a bond, or withdrawal of the most-favored-nation treatment, or the imposition of penalty.

In this case the President could penalize, but the law, while it defines the discrimination does not require a penalty, and leaves it within the discretion of the President. In other words, the President is given the authority to require bond, impose a penalty where he finds discrimination.

But it would be difficult to know just what to do, and President Hoover met the same problem on several occasions and was in doubt as to what should be done.

In some cases, I may say to the committee that has acted——

Mr. WOODRUFF (interposing). Doctor, so far as you have been able to discover, the only instance where this country has exercised the power given to the President has been, according to the Secretary of State, or his assistant, Mr. Grady, in the case of Australia?

Dr. COULTER. Yes.

Mr. WOODRUFF. And, as I said a moment ago, it was startling to me to learn that neither of these gentlemen could disclose to me the name of a single nation that has not been discriminating against the commerce of the United States to some degree.

Do you not think, Doctor, that we might perhaps derive more benefits from this program and that other countries would have a much greater respect for us if we insisted upon our rights in these interchanges of benefits, inasmuch as we extend them to the whole world?

Dr. COULTER. The law as it stands now—that is, this particular act that we are discussing here—calls for securing concessions from other countries equivalent to those we grant.

Mr. WOODRUFF. The record as made in these hearings does not disclose that that feature of the law, or that spirit of the law, has been observed.

Dr. COULTER. I think we have gotten very little in the way of foreign concessions that they have not, in turn, immediately canceled out by some quota scheme or some exchange control, or some barter.

Now, Mr. Chairman, there is no such thing as a one-way good-neighbor policy. Any individual or any nation foolish enough to attempt to carry on such a policy—who attempts to exercise trust and generosity toward another who does not practice the same trust and generosity, and who does not intend to do so—will eventually and inevitably find himself minus his possessions or his markets, as the case may be. To argue otherwise is to defy all logic known to human philosophy.

Unless there is an about-face in the administration of the act, unless the President exercises the authority given him to protect American producers by compelling reciprocal treatment from other nations, or unless this act is allowed to lapse and these trade agreements are discontinued, then the regaining of these markets will not be postponed—the markets will be perpetually lost to us.

Now, Mr. Chairman, it is difficult for me to understand how any man can reconcile in his mind the futile sacrifices we have made during and since the first World War, and during the last 5½ years under this act, with the welfare of this country. It is difficult for me to understand how any fair-minded person could even ask that we continue to lay upon the altar of peace and good will more and more of our own people's welfare and security in the face of the plain and overwhelming evidence that we are not "softening the mind of the world," and the attitude of other nations toward peace, or even toward a good-neighbor policy with this Nation.

We might just as well now face the fact that world policy among the other nations is every nation for itself and "the devil take the hindermost."

It serves no good purpose for us to blind ourselves with platitudes and sentimental phrases. The Golden Rule, whether between nations or individuals, must work two ways. A good-neighbor policy, to be a good-neighbor policy, whether between nations or individuals, must work both ways. A reciprocity policy, to be a reciprocity policy, involves the inescapable correlative act of reciprocity on both sides, not merely on one side.

In view of these irrefutable facts, Mr. Chairman, I do not see how this body can do other than to vote down this resolution to extend this pseudo Reciprocal Trade Agreements Act for another 3 years, and I sincerely hope it will do exactly that. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BUCK. Mr. Chairman, I yield to the gentleman from Nevada [Mr. SCRUGHAM] such time as he may desire.

Mr. SCRUGHAM. Mr. Chairman, the so-called reciprocal trade agreements, in my opinion, constitute, in most cases, a flagrant example of giving away material trade advantages with no adequate compensatory return.

The ill effects of such policies can only be prevented by an immediate return of the United States to the traditional American policy of extending conditional most-favored-nation treatment only on a bilateral basis. These so-called reciprocal trade agreements were commenced by the Harding administration in 1922, and can be definitely laid on the Republican doorstep. It was their administration which first abandoned the conditional principle which had been in effect for more than a hundred years as the guiding foreign-trade policy of the United States. They first adopted the internationalist doctrine of the unconditional most-favored-nation policy. The fact is that the application of the unconditional most-favored-nation policy means a general reduction of tariffs by us, but not by other nations.

I do not consider that this is an appropriate policy for the United States at a time when 10,000,000 or more men are unemployed, and when we are confronted with the keenest and most ruthless foreign competition in the history of the country. In a time of rapidly changing price and wage levels in different countries and violent fluctuations of currency values, we must be in a position to protect ourselves. Aside from the departure from the principles of democracy involved in the measure, the element of damage to an established industry from the adoption of certain trade agreements has been insufficiently considered. I propose to introduce an amendment to the pending bill in an effort to protect such situations. It will read as follows:

If at any time an established domestic industry as a whole shall be damaged as a result of the inclusion of its product in a reciprocal-trade agreement, the President shall institute negotiations with the signatory country seeking to withdraw or sufficiently modify the concession made upon that product to remedy the damage inflicted upon said established domestic industry.

Damage to an industry under this section shall be determined by the Court of Claims of the United States upon complaint of any representative of an industry directed against the United States and setting forth the nature and extent of such damage. A copy of such complaint shall be served upon the Attorney General of the United States, and such service and proceedings in the Court of Claims hereunder shall be given priority and shall be under such rules as the Court of Claims may adopt.

During the past several years the United States has come to occupy an increasingly unfavorable position in world trade, owing to the attitude taken by other nations in the form of prohibitive tariffs, quotas, exchange controls, special agreements, the benefits of which do not extend to the United States.

If we are to compete in a situation like this we must retain the maximum freedom of action and bargaining power. The record of the past indicates that under the unconditional most-favored-nation principle our bargaining power is usually diminished with each trade agreement concluded, inas-

much as the concessions granted under them to one nation are extended gratis to all other nations without requiring concessions of corresponding value in return.

In my opinion, the Cuban agreement is an excellent example of a real reciprocal agreement. It differs profoundly from the other agreements being negotiated in that its benefits are confined to the United States and Cuba, which I think accounts for its success. The other agreements ignore entirely the principle of real reciprocity and in effect constitute little more than a general reduction in our tariffs.

The greatest objection to the measure as it now stands is that it permits the Congress to be shorn of part of its constitutional powers. It was apparently the intent of the framers of the original authorization to retain congressional authority over excise taxes, notably on coal, oil, lumber, and copper. In spite of the ambiguous language contained in the law—Public, No. 316, Seventy-third Congress, section 350 (a) (2)—I am of the opinion that it contains only authority to proclaim continuance of excise taxes, and does not permit reductions.

Most of the objections to the measure can be met by requiring the confirmation of all trade treaties by the Senate of the United States.

In conclusion I desire to place in the RECORD three telegrams just received by me which relate to the subject under discussion.

RENO, NEV., *February 20, 1940.*

JAMES G. SCRUGHAM,
House Office Building, Washington, D. C.:

Farm Bureau generally opposed to trade agreements. Object to favored-nation clause and believe all treaties should be subject to ratification by Senate.

FLORENCE BOVETT,
Nevada State Farm Bureau.

DEETH, NEV., *February 20, 1940.*

J. G. SCRUGHAM, M. C.,
House Office Building:

Nevada stockmen definitely opposed present method consummating trade agreement. Annual meeting passed strong resolution insisting Senate ratification, all trade agreements.

WILLIAM B. WRIGHT.

RENO, NEV., *February 21, 1940.*

Hon. JAMES G. SCRUGHAM,
House of Representatives:

This organization has been opposed to reciprocal-trade agreements and has protested proposed reduction of tariffs on various metals under such agreements. However, if future treaties are subject to Senate ratification, we believe that safeguard will be sufficient to protect interests of mining industry.

HENRY M. RIVES,
Nevada Mine Operators Association.

Mr. LUTHER A. JOHNSON. Mr. Chairman, I favor and shall vote for this resolution, which extends for 3 years from June 12, 1940, the present law authorizing the President to enter into foreign trade agreements with other countries.

The original act granting this authority became the law on June 12, 1934, and was for a period of 3 years, and on June 12, 1937, it was extended for an additional period of 3 years, and will expire on June 12 of this year unless further extended.

The necessity for this legislation was occasioned by disruptive trade restrictions created by the tariff law in this and other countries. So long as this country only passed tariff laws and placed high barriers with reference to the imports of commodities into this country, and other countries had no such laws, these trade barriers could be removed by reduction of our own tariff walls, but other countries, following our example, have also created high tariff walls, and it now serves no useful purpose to reduce our tariffs unless the tariffs of other countries can be likewise reduced.

The present administration, under the able direction of the Secretary of State, Hon. Cordell Hull, evolved this plan of the so-called trade agreements, whereby the President could reduce our tariffs with other countries which would enter into an agreement whereby they would reduce theirs. This plan was originated by Secretary Hull, who has given this subject much thought, and the result of the trade agreements entered into thereunder has been advantageous to our country by expanding our foreign trade.

The Hawley-Smoot tariff bill, which became a law in June 1930 and which raised the tariff rates higher than they had ever been in history, was most disastrous to our foreign trade and was a great handicap in preventing our recovery from the depression. It was passed under the Republican administration, while Herbert Hoover was President, and economists and others who are not actuated by partisan politics all agree that it was one of the greatest mistakes our country ever made in the passage of economic legislation.

As was so well pointed out by the gentleman from North Carolina [Mr. DOUGHTON], the chairman of the Ways and Means Committee, in his speech upon this bill, the passage of the Hawley-Smoot tariff bill immediately resulted in a disastrous fall of prices of all commodities, and especially agricultural prices.

The depression had already begun several months prior thereto, and the Republicans, believing that high tariff was the only antidote for a depression, passed this iniquitous bill, which I voted against and which the Democratic Party vigorously opposed.

I well remember that day in June 1930, when this bill—Hawley-Smoot tariff bill—was passed, and the gentleman from New York [Mr. CROWTHER], an ardent Republican and a devout believer in high tariffs, and who is now fighting this trade-agreement bill, made the closing argument in favor of the tariff bill. I quote from the CONGRESSIONAL RECORD the last paragraph of his speech on that occasion:

> Mr. Speaker and gentlemen of the House, once this bill becomes a law business confidence will be immediately restored. We shall gradually work out of the temporary slump we have been in for the last few months, and once more prosperity will reign supreme. Foreign reprisals will vanish into thin air, and we shall continue to raise the standard of American labor and American wages. We shall dissipate the dark clouds of your gloomy prophecy with the sunshine of a continuing prosperity. [Applause, the Members rising.]

While I am sure that the gentleman from New York was sincere in his statements, and believed what he said was true, his prophesy was not fulfilled. On the day the bill passed, all grain prices fell to new low levels for the season. Wheat went to the lowest price in a year, and oats the lowest in 8 years, and rye the lowest in 30 years, and the price of cotton declined to the lowest level in more than 3 years, and all stocks dropped to even lower levels than in the November crash. The volume of our foreign trade shrank to its lowest level, and it was not until the Roosevelt administration came in, in 1933, that any semblance of recovery took place.

Illustrative of the decline in our foreign trade, let me remind you that the total exports of the United States fell from $5,241,000,000 in 1929 to $1,675,000,000 in 1933, while the imports fell from $4,399,000,000 in 1929, to $1,449,000,000 in 1933.

Under the Trade Agreements Act of 1934, so well administered by President Roosevelt and Secretary Hull, the results in expanding our foreign trade are shown by statistics. Total exports of the United States increased from $2,208,000,000 in 1934 and 1935, average, to $3,136,000,000 in 1938 and 1939, average, or an increase of 42 percent, while the general imports increased from $1,851,000,000 in 1934 and 1935, average, to $2,139,000,000 in 1938 and 1939, average, or an increase of 16 percent.

That the trade agreements have been largely responsible for this increase in foreign trade is proven by the fact that the increase in exports to countries with which trade agreements have been made are far greater than those countries with which trade agreements have not been entered into.

Twenty-two trade agreements have now been made with foreign countries, 20 of them are now in effect, and the 1939 figures show an increase of 60.5 percent in exports to trade-agreement countries, and of only 29.6 percent to nonagreement countries. In other words, the volume of exports to countries with which we have trade agreements has been

nearly twice as great as the increase to countries with which no trade agreements have been had.

Our foreign trade is essential to our domestic prosperity, and as long as the high tariff walls separated the countries of the earth the volume of trade between countries thereby restricted shrank to low levels. As was so well said by Secretary Hull, in his statement before the Ways and Means Committee:

The drastic decline of international trade, in both volume and value, caused the great depression to spread in extent and intensity, with results in terms of widespread human suffering and sacrifice that none of us can forget.

He also uttered a truism when he said that "the domestic prosperity of every country is tied in with the condition of its foreign trade," and supplemented it with this further statement:

A collapse of foreign markets inevitably brings with it disorganization and disruption of the domestic economy, as we discovered to our sorrow in the period following the enactment of the Hawley-Smoot tariff. In this country the ill effects of the collapse of export outlets for the great surplus-producing branches of both agriculture and industry rapidly permeated all branches of our economic life. Even those very industries which thought they were saving themselves by means of embargo tariffs soon discovered that instead they merely helped to ruin their own markets right here in the United States.

As I have heretofore stated, our foreign sales fell from five and two-tenths billion dollars in 1929 to one and six-tenths billions in 1932, and this trade could only be restored through reduction of the excessive tariff barriers here and abroad; and under the Trade Agreements Act, which empowered the President to proclaim modifications of tariff rates, through negotiation with other countries that would reduce their tariff rates, Congress defined the policy, the methods, and the limitations of the reciprocal-trade agreements, and entrusted to the President the duty and responsibility of administering and carrying into effect the provisions of the Trade Agreements Act.

The fact that our exports to all foreign countries increased by a billion dollars, or 46 percent, is obvious that the effect has been most beneficial. While several factors may have entered into this increase, it is evident that the trade agreements were largely responsible, since the increase, as I have heretofore shown, of our exports to trade-agreement countries rose over 60 percent, while our exports to nonagreement countries increased by only 38 percent.

Furthermore, the effectiveness of the trade agreements is revealed, in that the countries with which we have concluded trade agreements have increased their purchase of American products more than they have increased their purchase of the products of other countries. As pointed out by Secretary Hull, in the year 1936–38, the period of the operation of our first trade agreement with Canada, that country's imports from the United States were 42 percent greater than in 1934–35, while Canada's imports from other countries than the United States during the same period increased by only 22 percent.

Further substantiating the claim of Secretary Hull that the trade agreements have been beneficial in expanding our foreign trade, I quote from a statement prepared not by any Government official, or any defender of the administration, but from a pamphlet issued by the foreign commerce department of the Chamber of Commerce of the United States, which certainly cannot be charged with being partial to the New Deal, and which statement is nonpartisan and nonpolitical. This pamphlet was issued January 20, 1940, from which I quote:

Our export trade in 1938 with countries with which we at that time had trade agreements increased 68 percent over the 1931–35 average. Our export trade with nonagreement countries increased 45 percent. Our import trade with agreement countries, in the same comparison, increased 21 percent; our import trade with nonagreement countries increased 10 percent.

Roger Babson, the eminent statistician and political economist, and who is not a politician and who has never been charged with being a Democrat or a defender of the New Deal, in a statement made a few days ago in the public press, commended in the highest terms the trade agreements and said that it was the one outstanding achievement of the Roosevelt administration, which should have the support of all.

TRADE AGREEMENTS HELPFUL TO AGRICULTURE

The Republicans and those opposing the trade agreements have sought to mislead the farmers by claiming that the effect of the trade agreements has been harmful to agriculture, but the facts will not sustain this charge. A great deal of propaganda has been carried on by the high-tariff advocates and the enemies of the administration and opponents of the trade-agreement policy, appealing to the farmers that the trade agreements have been hurtful to them, much of which has distorted the facts and has been confusing and misleading.

Some weeks ago I had a letter from one of these organizations giving figures as to the increase in the first 9 months of 1939, compared with the first 9 months of 1938, indicating an increase of agricultural imports in the United States and a decrease of agricultural exports from the United States. I submitted this letter to Hon. Henry F. Grady, Assistant Secretary of State, former Vice Chairman of the United States Tariff Commission, and who is thoroughly conversant and familiar with the trade agreements and their effects, and I quote from Dr. Grady's letter to me in reply to these charges:

With reference to agricultural imports in the first 9 months of 1939, well over half of the total was accounted for by products such as crude rubber, coffee, cocoa, tea, and raw silk that are not even produced in this country. About one-fourth of the remainder was accounted for by sugar, domestic production and imports of which have until recently been controlled under a special act of Congress. Another large portion consisted of commodities such as wool, flax, and hides, which we do not normally produce in sufficient quantities to satisfy domestic requirements. Special grades of tobacco for blending purposes, off-season imports of fruits and vegetables, fodders and feeds, and similar products of definite value to American farmers, accounted for another large share. When all these items have been deducted, imports of agricultural products which compete directly with American products were insignificant.

It is of interest also to note that the increase in imports of agricultural products in the first 9 months of 1939 as compared with 1938 was almost entirely in the following commodities: Crude rubber, raw silk, cocoa, tea, hides and skins, flaxseed, unmanufactured wool, and wheat for milling in bond and reexport. These eight items accounted for an increase in imports of $85,740,000, while the total imports of all other agricultural products actually decreased by $2,687,000. The first four of these items, which accounted for $44,619,000 of the increase, are not produced at all in this country; the next three are not produced in sufficient quantities for our needs and are used as raw materials by our industries; and the remaining item, wheat for milling in bond and reexport, does not enter into consumption in this country and gives employment to many workers in our flour mills. The milling capacity of Canada is not adequate to produce the quantity of flour from Canadian wheat which can be sold in foreign markets, and therefore American flour mills located at strategic points carry on this profitable milling business. I might add that some of these eight items have been on the free list for years, and that in the case of none of them has any reduction in duty been made in a trade agreement.

A number of factors have tended to depress agricultural exports this year. Exports of cotton fell to a fraction of their normal value, due to decreased foreign consumption, huge world supplies, and the price-pegging effect of the loan program. Abnormal conditions likewise combined to depress the value of exports of corn, wheat, tobacco, and other products below their 1938 levels.

Secretary Hull, in his speech before the American Farm Bureau Federation at Chicago last December, and also in his statement before the Ways and Means Committee, in the hearings on this bill, shattered by irrefutable facts and figures the charge that agriculture had been hurt by the trade agreements, but showed conclusively to the contrary that agriculture and the farmers of America had been materially benefited thereby. He pointed out that after 2½ years of Hawley-Smoot tariff embargoes farm-cash income had fallen to four and six-tenths billion dollars and that after 4 years of trade-agreement policy, it had risen to seven and five-tenths billions, excluding benefit payments. He asked if the farmers were hurt by this three billion increase in farm income.

He said the most reckless claims of injury had been made regarding the dairy and cattle industries, but cited the fact that the income of the dairy industry—which had declined under tariff embargoes from $1,844,000,000 in 1929 to $991,000,000 in 1932—rose under our trade program to $1,398,000,000 in 1938, and asked if this indicated injury.

As to the cattle industry, which under tariff embargoes, fell from $1,495,000,000 in 1929 to $620,000,000 in 1932, rose, under our trade program, to $1,144,000,000 in 1938, and asked if this increase in income of the cattle industry indicated either ruin or injury.

As to the volume of dairy importations, he stated that in the period of our heaviest dairy importations, back in 1924–29, imports of dairy products never exceeded 1½ percent of our domestic production, while in 1938, under the trade-agreement program, the imports of dairy products were only one-half of 1 percent. Instead of increasing the importation of dairy products, the facts show that dairy importations are three times less under the Trade Agreements Act than before.

As to cattle importations, he said that the cattleman has today, as he has always had, 95 to 98 percent of the home market.

With the wonderful record that has been achieved under the trade-agreement program, it would be tragic to even think of not continuing this program for another 3 years, and I do not believe that any thoughtful person, who will weigh this question in a calm, dispassionate, and unbiased way can fail to vote for the continuance of this program, which is vitally needed in the restoration of the economic recovery of our great country. [Applause.]

Mr. BUCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, the citizens of Georgia know full well that there can be no lasting and soundly based prosperity for one region or one economic group of Americans unless other regions and other groups share equitably in that prosperity. That truth holds good with regard to world conditions as well as to conditions in the United States. It impresses itself with particular force upon a State whose principal products, such as cotton, must in large part be sold abroad.

It needs no labored quoting of statistics to prove that when industry is vigorous in this country and abroad, when business in good, when manufacturing is proceeding at a high level, there is a better market for cotton and a better market for other products from the farms of Georgia.

When business and industry in this country and abroad are stagnated, when manufacturing is halted, when pay rolls are cut down and workers lose their jobs, Georgia cotton and other Georgia products find no markets, or only markets at ruinously low prices.

We saw this happen after 1930, when the United States joined the parade—and well toward the head of the line—of nations that were moving to throttle world trade, to become self-sufficient, to bar out of their markets every possible commodity from other countries.

In the 3-year period from 1930 through 1932 the sales of cotton from Georgia farms dropped from 1,500,000 bales to 948,000 bales. The average farm price of cotton in the State dropped from 10½ cents to 6 cents a pound, and the cash farm income from cotton fell from more than $80,000,000 in 1930 to less than $29,000,000 in 1932.

Because half or more than half of the American cotton crop must of necessity be sold in foreign markets, the morass into which international trade had fallen was disastrous for cotton growers in Georgia and the rest of the Cotton Belt. But the effects of the stoppage of world trade extended to the demand for cotton in the United States. Not only the foreign market but the domestic market was suffering. United States mill consumption of cotton in the cotton-marketing year beginning August 1, 1929, was over 6,000,000 bales; in the year beginning August 1, 1931, it was well under 5,000,000 bales.

The same thing happened to tobacco, to forest products, to naval stores, and to the other things that Georgia offers for sale in the markets of the United States and of the world.

Between 1929 and 1933 the total exports of the United States declined from five and one-fourth billion dollars to a little more than one and two-thirds billion dollars. Total exports reported as originating in Georgia fell from $71,000,000 in 1929 to $23,000,000 in 1932. The total accountable income of Georgia fell from $952,000,000 in 1929 to $557,000,000 in 1932. Cash farm income of the State declined from $231,000,000 to $66,000,000 in the same period.

Any measure which effectively promotes the general flow of trade, which provides markets for the products of farms and factories, which provides customers in this country or abroad with the power to buy these products, is to the advantage of Georgia. The reciprocal trade agreements program of the United States, based upon the Trade Agreements Act of 1934, is such a measure.

Under this program agreements with 21 foreign countries have been signed, and their effect has been to increase the flow of commerce between this country and the others that joined in the program. United States exports of merchandise in 1939 totaled well over $3,000,000,000, practically double the 1932 figure. Exports to trade-agreement countries have increased more rapidly than exports to nonagreement countries. Our import trade with agreement countries has been supported better than our imports from nonagreement countries.

Nobody claims that the trade agreements have been the only factors stimulating that trade, but the statistical evidence is not mere coincidence.

Through these trade agreements concessions from foreign countries have been obtained to improve, directly, the foreign-market opportunities for Georgia products. There have been tariff and other concessions on raw cotton, cotton manufactures, tobacco, naval stores, lumber and wood products, and meat products. All the concessions on raw cotton were guaranties, on the part of foreign customers, that they would not impose duties on American cotton. As a matter of fact, few foreign countries had imposed such duties.

Cotton and cotton manufactures, tobacco, naval stores, lumber and wood products, and meat products are examples of important Georgia products for which expanded and more stable foreign markets have been obtained in trade agreements.

Both the growers of cotton—Georgia's most important crop—and the cotton-textile factory owners, workers, and exporters benefit directly from the concession obtained in trade agreements on raw cotton and cotton manufactures. Six countries reduced their duties, and three countries gave assurances that their duties on cotton textiles or manufactures would not be increased. In addition, one country increased the quota, and one assured the quota on cotton manufactures. On raw cotton, five countries, including the United Kingdom, normally the most important market for American raw cotton, gave assurances that the present duty-free treatment would not be changed, and two countries bound the present duty against increase.

Georgia produces more turpentine and rosin than any other State. Nine trade agreements have contained provisions that benefit the foreign markets for these products. Twelve agreements contain concessions on softwood lumber and timber and wooden manufactures that are produced in Georgia.

But Georgia has a stake in the continuance of the trade-agreements program that goes far beyond the foreign concessions which have been obtained for Georgia's products. That program represents a sustained and permanent effort on the part of the United States Government to enlarge the whole scope of foreign trade, to provide buying power among foreign customers and domestic customers for Georgia cotton and other products. That effort has encountered tremendous difficulties, but there can be no doubt that its effect has been toward supporting and maintaining the markets for Georgia cotton and other products. Notwithstanding wars and preparations for war abroad, political unrest, fluctuating levels of industrial and business activity in this and in other countries, the trade-agreements program has been promoting the interest of a more vigorous foreign trade.

The National Cotton Council of America is in favor of the continuance of the reciprocal trade agreements program upon the theory that it is our greatest immediate hope for solving cotton's all-important foreign-trade problem, and that through the instrumentality of reciprocal-trade agreements it is possible to develop and maintain export markets for our

surplus cotton and cottonseed products without serious domestic economic disturbance.

Georgia and the Cotton Belt recognize, perhaps more clearly than some other parts of the United States, that world trade is a two-way affair; that the United States cannot export its products unless it takes in exchange the products of other countries. Georgia has long known what it meant to sell its agricultural products either at home or abroad on an "open" market at the buyer's price and to buy what it needs in a tariff-protected market at prices fortified behind tariff walls. The whole agricultural South has long suffered from the disparity between farm prices and the prices of manufactured products.

Under the trade-agreements program the United States has carefully, scientifically, and safely reduced the height of some of those tariff walls. The result has been that the prices farmers receive for their products and the prices they must pay for the things they need in operating their farms and in looking after the welfare of their families are closer together than they were when the program was inaugurated.

For the United States as a whole, the ratio of prices farmers receive to the prices they pay was 61 to 100 in 1932 after 3 years of extreme high-tariff policy under the Hawley-Smoot Tariff Act. In 1939 that ratio had risen to 77. In 1939 the cash income of Georgia farmers from the marketing of their products was $125,750,000, as compared to the sixty-six million in 1932. The index of prices received by American farmers for cotton and cottonseed was 73 percent of the pre-war level, as compared with 47 percent in 1932. The index of prices received by American farmers for all farm products was 93 percent of the pre-war level, as compared with 65 percent in 1932.

The trade-agreements program has been an effective factor contributing to the improvements in world trade and in domestic business, which, in turn, have helped to bring about these increases in prices and incomes to Georgia farmers. Not only have the agreements benefited American producers whose goods have been sold abroad but they have improved domestic markets. Any American who has a job producing or handling goods for export thereby becomes a better customer in the domestic market for the products of other Americans. The agreements, furthermore, have helped to increase the supplies of foreign goods needed and wanted by American consumers.

To abandon the trade-agreements program now would be to lay down the only useful and efficient tool we have for dealing scientifically and realistically with the international commercial problems of a war-torn world and for rebuilding when peace comes a world economy that will permit men and groups and nations to exchange their products to their mutual advantage. [Applause.]

Mr. BUCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, a certain amount of the products which come from the resources of the earth are necessary to normal modern life, and nations, like men, thrive better and are more peaceable when they have a fair share of these resources. It is far better for all concerned if these resources are readily available through the peaceful channels of trade, instead of being the prize of the lottery of war. No people, or no nation, will willingly or knowingly submit to economic slavery, whether imposed by the fortunes of war, the dickerings of peace, or the whim of geographical location. The standard of living of a people is a factor too vital to be overlooked in modern life. People, today, will not be content with a mere existence. The demand for comforts, conveniences, and even luxuries, is imperative and cannot be disregarded.

From the dawn of history down to the beginning of the twentieth century, wars were fought mainly for the control of the natural resources of the earth, or for tangible wealth. Hunting or fishing grounds, pasture lands, rich agricultural lands, undeveloped raw materials, gold, silver, jewels, slaves, or any kind of easily transportable personal property, were the designs of conquest. Insufficient transportation and the scarcity of labor made the satisfactory distribution of many essential commodities impossible, therefore, ownership was essential if a nation were to progress.

With the coming of modern transportation and the machine age, raw materials became equally available to all nations in the markets of the world, at a world price. Unless a nation was determined to sell the finished product in the markets of the world at a price so low that there remained not enough profit to pay a fair price for raw material, the necessity for possession of sources of raw material vanished. The primary cause of warfare vanished, but at once another took its place.

The universal availability of raw materials, the development of modern agriculture and storage facilities, and the machine age, brought about mass production with its resulting surplus. Mass production called for mass consumption, which called for more markets and a more unrestricted stream of trade. Mass production, being mechanical, was easily understood; but mass distribution, being of a more theoretical nature, was not so easily understood. The surplus, which for centuries had been a blessing, became a detriment. The same system of economy, which had operated successfully when the surplus was desirable, now failed miserably when conditions were reversed. When we look back upon the situation, we can very easily see why this is so. The lack of facilities for distribution has been the cause of many disastrous famines in China. We, in the Occident, have criticized the Chinese for generations because they have not solved this problem: yet have time and again deliberately China-ized the entire world in that respect by tariff barriers. If nations are denied access to markets, as they were once denied access to raw materials, the seeds of warfare, more devastating than the world has ever known will have been sown. Wars will be fought for the purpose of monopolizing the consuming ability of nations. In fact at least one such war is now in progress.

Ex-President Herbert Hoover said: "International trade is the lifeblood of civilization." So it is. It is the factor which raised mankind from the stage of savagery to the heights of civilization which we now enjoy. When primitive man learned that by exchanging those of his commodities which he could the most easily procure or fabricate for different commodities which some other man found to be surplus, he could better his mode of living, civilization was on its way. The nations, which engaged most freely in this interchange of commodities, raised the fastest in the scale of civilization. Those, which because of intention or geographical location did not or could not participate in exchange, lagged on the way. Those nations, which once had participated in world trade and for some reason or another ceased to do so, retrograded into barbarism. Trade is in obedience to the third strongest instinct of mankind—the acquisitive instinct. Modern wealth is measured in the current capacity to produce peacetime goods.

Trade, to be permanently beneficial, must not be one-sided, but must be mutually advantageous, or it will cease. To take advantage of another in a trade is not good business, as it leaves dissatisfied customers, which means a loss of markets and markets are the only solution to mass production. The idea that any permanent profit can accrue from a trade which is not mutually advantageous is false. The real, substantial, and permanent profit comes from the better standards of living brought about by the exchange of whatever commodities each party to the trade can produce the most easily. Trade is only a means to produce.

Let us not be fooled by the song of the isolationist. We cannot shut ourselves off from economic relations with the rest of the world, except to our detriment. We are a commercial nation, whether we will it or not. We produce great surpluses of wheat, corn, cotton, tobacco, fruits, and hog products. Since the price of the surplus governs the price of the product, we must sell those surpluses, and we must sell them abroad. If through exportation, we are enabled to raise and sell abroad at world prices the surpluses which we are capable of producing, the income of the farmer, upon which domestic industry is so dependent, will not be in need of artificial support in the shape of subsidies. An increase

in agricultural exports will result in a more self-reliant agriculture, which will in turn absorb a greater proportion of our manufactured products.

When we sell them abroad, we must be paid for our exports. There are only two means of making payment in the world's markets—gold or goods. Today we possess over 60 percent of the world's gold. If we are to dispose of our surplus as exports, it is easy to see that we must, in most cases, be paid in imports. If we depreciate the value of these imports by the imposition of a high tariff, it is plain to be seen that the transaction will be so one-sided that the exchange will cease. Then we have our surplus to be disposed of at home. The producers of these surpluses will then be far worse off than they were before. This has been proven by our experience with the Hawley-Smoot tariff, under which the prices of products reached the lowest point in modern times.

When goods are used in payment, productivity and distribution are stimulated, the rapidity of exchange is accelerated, exchange is facilitated, and the strain on currency is relieved. In this case the unit of currency involved becomes more of a true commodity and is less susceptible to the manipulations of a fortunate few. A stable policy is more important in maintaining the price equilibrium than any other method and is the very best defense against monetary manipulation.

Mr. Chairman, the opponents of these trade treaties claim that they admit competing farm products and are therefore detrimental to the farmer. They claim that American farm commodities cannot stand the competition of those raised with cheaper labor. It seems to me, the fact that we produce a surplus of most farm products should be so well known that it needs no discussion. Unless this surplus is exported, or unless it is disposed of artificially, it will work havoc with the price of farm commodities. This has always been true in the past and will continue to be true. Let us look at the prices of farm products 8 years ago. We were importing almost nothing and the prices of farm products were the lowest in modern times. The Hawley-Smoot tariff had shut out most of the foreign competition. It had also eliminated the most of our exports, not only of farm products but of manufactured products. Many of those depending for their livelihood on American industry were out of work and could not buy the farmers' produce. He then had a double surplus which caused the resulting debacle.

How, I ask you, can we protect our agricultural surplus with a tariff? In the natural order of business, we must export the surplus. When we do so, it must meet the competition of foreign commodities. What difference does it make whether Canadian wheat competes with American wheat in Chicago, Milwaukee, or St. Louis, or whether it competes with American wheat in London, Berlin or Baghdad? It is competition regardless of where it occurs.

Now as to the importation of cattle. In the year 1933 we imported only 83,000 head of cattle, about one-tenth of the number we imported in 1928, but what was the price of cattle? In 1933, $3.63 per hundred; in 1928, $9.15 per hundred; a drop of almost $6 per hundred, yet our imports had dropped nine-tenths; 1934, as compared to 1929, shows a condition almost identical. As a matter of fact the records of the cattle business show that there is a direct relationship between the price of cattle and the imports. The import curve goes up with the price curve and also falls with it. When our imports are high, the cattle man is getting a good price for cattle. When they are low, the sheriff is selling him out. Which condition is preferable? Certainly no cattle, or any other commodity, will be imported when the domestic price is not equal to the tariff. Undoubtedly a prohibitive tariff on one or on a few commodities would result in high prices for those commodities, at least until the condition produced a surplus. That is the aim of each supporter of a tariff, but a condition both impossible and undesirable. I come from that section of this Nation which produces fine wool. It is a fact that wool has always sold the lowest under the highest tariff; the reason for this is that the general business conditions resulting from high tariff had destroyed the market for fine clothing wool.

It is maintained by the proponents of tariffs that the importation of foreign products is ruinous to American labor. The facts do not bear out this contention, either in regard to employment or wages. Customhouse records and employment data show that employment has always been highest when imports were highest, and lowest when imports were lowest. The attempt to convince a man out of work that his condition is due to importation of foreign commodities is the cheapest kind of demagoguery. So is the cry that imports keep wages low. Records show that wages are highest in those industries not protected by a tariff. Employment and wages are, after all, more responsive to the law of supply and demand than to any other law. They rise and fall with the general demand in the Nation as a whole, and not due to any specific demand.

Those who oppose any importations endeavor to leave the impression that imported goods result in complete displacement of labor. This is not true. From the time they reach our shores until they are finally distributed to the consumer, they are handled, stored, transported, financed, insured, advertised, wholesaled, and retailed by American labor. Whenever goods move in commerce, employment is created. Then too, there is the reciprocal flow of goods to the centers from which those goods came. A vacuum has been created, in the form of a desire for goods, and the medium of exchange, either in the form of money or credit, has been supplied to make possible the fulfillment of this desire. Both parties to the transaction have been benefited. An exchange of surpluses has taken place. The standard of living of each party to the transaction has been raised. Another bulwark for progress, security, civilization, and peace has been reared.

Mr. Chairman, another reason why this legislation merits support is because of its contribution toward settled world conditions. This Nation is a democracy and naturally prefers to see a world governed by democratic philosophy. Democracy is founded upon the theory of equal rights and opportunity for all. It is founded upon the theory of nonaggression and cannot thrive in a constant atmosphere of war. Democracy feeds and grows upon commerce and especially on commerce as nearly uncontrolled by artificial means as possible. The law of supply and demand operating in an individualistic manner is consistent with the philosophy of democracy. Operating as individuals, we can compete with other nations operating in a similar manner. We cannot, however, compete industrially with states in which citizens have lost their individual identity and are only serfs of the state.

Since we are a democracy and can thrive only in a world predominantly democratic, it is incumbent upon us, as a nation, to contribute toward such an international condition. No one can deny but that international trade is a requisite to the success of democracy. Tariffs and quotas are blocks to international trade and detrimental to the economic and social system upon which democracies flourish.

We entered the World War with the avowed purpose of making the world safe for democracy. After the war, under the mesmerism of the unsound pacifism which followed in the next decade, we endeavored to bring about a premature world disarmament. We reduced our Navy and kidded ourselves into believing other nations were doing likewise. We signed pacts outlawing war, ceased fortification of outlying strategic possessions, and accepted pledges with a childlike confidence in the good faith of the other signatories; all in a vain endeavor to rid the world of its militaristic atmosphere. In which the political and social economy of democracy can flourish only with difficulty. We hypnotize ourselves into believing that we had brought about the millennium of universal peace and had abolished domestic poverty.

We were living in a fool's paradise which we ourselves had largely created. We who were individually the world's sharpest traders placed ourselves collectively at the head of the world's sucker list. Believing in democracy we deliberately began to hamper international trade by the erection of tariff

barriers. We had changed so quickly from a debtor to a creditor nation that we were almost unaware of the change and totally unprepared to function in that capacity. The same economy which had previously favored us now hampered us when the situation was reversed. Creditor nations unable to trade with us, because they could not balance their accounts, erected tariff barriers in retaliation. When we saw the threatened stagnation of trade we made the greatest sucker move in history. We solicited foreign nations to borrow money from us to buy our products. They did so gleefully. They purchased and installed American industry to furnish themselves with many of the commodities, which they had previously purchased from us. Then to cap the climax, American industry itself began to move to foreign shores in order to escape the inevitable retaliatory tariffs. The unemployment resulting from this displacement of so much American industry brought this Nation its most serious problem. The stagnation of world trade brought about either unemployment or totalitarianism in all foreign nations.

A quarter of a century after the World War, and we have again completed the cycle. The world is again at war. The struggle is to determine whether democracy with its individual rights, liberty, and justice, or autocracy with its oppression, injustice, and intolerance is to triumph. When or where it will stop no one knows. This much we do know, however, the spirit of democracy will prevail because it is the spirit of Christianity, civilization, and progress. The world will go forward after this crisis as it has gone forward following all others. As the foremost nation in the world, and as one having the most to gain from a permanent, equitable, and substantial peace, let us make our contribution toward this condition by the passage of this legislation. [Applause.]

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Montana [Mr. THORKELSON].

A UNITED AMERICA

Mr. THORKELSON. Mr. Chairman, in this, my fourth discussion on a united America, I shall ask the reader to refer to the Appendix of the CONGRESSIONAL RECORD, page 719, in which I quote the preamble to the Constitution. It should be perfectly clear that this part of the document is not an embellishment, but is, instead, a statement of fundamental facts that must govern and modify all legislation and acts by all branches, departments, and employees of the Federal Government.

In article I, section 8, the people give orders to Congress in their own document, the Constitution of the United States. These orders, or delegated powers to Congress, are set forth in section 8. They are not vague, but are, instead, very explicit. I shall now quote the first paragraph:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

After reading this, it is evident that the founders were not entirely satisfied that we would understand the importance of the preamble, and to fortify this declaration they repeated:

> Congress shall have the power to * * * provide for the common defense and the general welfare of the United States.

We, the Members of Congress, are obligated to carry this out so that our Union may be preserved.

The powers delegated to Congress in article I, section 8, are full or complete powers, first, "to lay and collect taxes." For what purpose? Obviously "for the common defense and the general welfare of the United States." It follows, therefore, that Congress has the power to lay and collect any tax or taxes that will not disrupt justice, upset domestic tranquillity, but will, instead, secure the blessings of liberty to ourselves and our posterity. Under this provision Congress may assess taxes on income, no matter from what source derived, and Congress may also under this provision issue tax-exempt securities if it is in the "common defense and general welfare of the United States." Will anyone say that incomes could not be taxed under article I, section 8? I do not think so; but should the question arise, let those who differ state where in the Constitution the power to tax incomes is denied to Congress. It surely is just and will equalize the operative cost in maintaining the Government.

It appears from this that the sixteenth amendment was not needed, for full power to lay and collect taxes from any source is granted to Congress in the first paragraph of article I, section 8.

In the same manner, "Congress shall have the power to lay and collect duties, imposts, and excises," "for the common defense and general welfare of the United States." It is this qualification that must be considered in all acts of Congress, as well as other branches and departments of the Government. However, the Constitution does not give Congress the right to transfer its power to the Executive or any other department, but actually denies any such transfer of power, which is only proper and right, for the Congress alone is responsible to the owners of the document, the people of the United States.

An interesting problem confronts Congress today, and I wonder how it will be met by the Members. What shall we do with the trade pacts and treaties which are now up for consideration? Shall we renew or extend this power to the Executive and State Department, or shall we act like statesmen and take charge, as the Constitution provides, and as the people expect us to do? My guess is, and I hope I am wrong, that there are not enough Members in this House with a backbone rigid enough to face this issue in an upright position. It is our duty to determine and fix duties, imposts, and excises, and to set up and supervise machinery for regulation and collection, but it must be under the supervision of Congress, because it alone is responsible. Yes; we are paid by the people of the United States to safeguard and protect their interests against usurpation by political parties and the Government itself, which I believe many of us have forgotten.

Congress has the power to pay debts, and we may assume that Congress also has the power to consider whether debts should be paid, and how they should be paid. But whatever is done, it must be for the common defense and for the general welfare of the United States.

It occurs to me, however, that it is well for us to remember that while Congress pays the debts, the money is earned by the industry and business of this Nation and not by employees of the Government.

Congress shall have the power to borrow money on the credit of the United States, but it is well for Congress to remember that it must be "for the common defense and the general welfare of the United States," and not for anyone else. A national debt of $42,000,000,000, which at the end of the coming fiscal year is liable to be $48,000,000,000 or more, not including the $13,000,000,000 contingent liabilities, is not for the common defense, and certainly not for the general welfare of our people, but is instead a burden heaped upon the back of future generations, a burden for which Congress should feel ashamed.

> Congress shall have the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

What does this mean? It means that Congress may regulate trade with foreign nations, negotiate trade treaties or other pacts concerned with the flow of commerce, such as transportation, warehousing, dock space, and other maritime regulations. Under the same provision Congress may also regulate commerce with the Indian tribes by mutual agreement with the tribal chiefs, but there is no constitutional provision for treating them in any other manner than as foreign tribes. This provision should be changed, for the Indians are quite as capable of looking after themselves as other tribes we have in the United States, and being the original Americans they should be granted this right. I am sure the taxpayers of the United States would not object to having the various Indian departments, bureaus, and agencies closed for they benefit neither the Indians nor the taxpayers of the United States.

What interests me most in this paragraph is the use of the wording, "among the several States." How anyone can read into these four words the right of Congress to invade the

boundaries of the State and the capital structure of business is surely more than I can get out of it.

Let us consider the whole paragraph. Power is granted to Congress to deal directly with foreign nations and with Indian tribes, but no such power is granted to Congress in dealing with the States, for the Constitution limits Federal activities to "among the several States." In other words, it would be around the States. It must therefore be construed to mean the transportation of passengers and freight from one point to another and throughout the States, and that, for the safety of this transportation, Congress has the power to provide such measures as will protect the lives of passengers, crew, and merchandise.

When Congress or its committees invades the capital structure and prescribes regulation thereof, it is pleasing neither to the employer nor the employee, for it was such rights and regulations that business, industry, and labor reserved to themselves in articles 9 and 10 of the Bill of Rights.

Congress shall have the power to establish a uniform rule of naturalization and uniform laws on the subject of bankruptcy throughout the United States.

To establish uniform rules of naturalization does not mean that when immigration quotas from various countries remain unfilled we shall exert ourselves to fill the quota—at least, not until our own people are employed. As to bankruptcy, I believe we have sufficient laws for that, and it is possible that the United States may fall under the hammer if Congress does not begin to reduce the national debt.

Congress shall have the power to coin money, regulate the value thereof and of foreign coin, and fix the standards of weights and measures.

This paragraph in section 8 has been stretched and misinterpreted both by the Attorney General and the Supreme Court to such an extent that we are now left with a currency that cannot be regulated because all standard value has been removed.

Gold is the internationally accepted medium which establishes money value in all countries. Gold is not only valuable because of its physical qualities, but it is valuable and necessary because all nations have agreed to use it as a standard upon which to base the value of money. It follows, therefore, when gold is removed from the dollar, the inherent value is reduced, and when the last fraction of gold is removed, all value is removed and nothing is left for regulation. That is precisely the condition in which the United States finds itself today. We have a dollar devoid of all intrinsic value, and have inflated a commodity dollar that depends upon price fixing for purchasing power.

Attorney General Cummings, in arguing this case before the Supreme Court, said:

Although it may seem trite to do so, I draw attention to what, for want of a better term, may be called "presumption of constitutionality."

The Attorney General should know that the ninth amendment governs presumption of constitutionality.

After reading the Attorney General's argument before the Court, one cannot but come to the conclusion that the onus of responsibility is literally thrown in the lap of Congress; and, gentlemen, that is where it rightfully belongs, because Congress is responsible to the people of this Nation and no one else.

Had the Attorney General put these questions to himself, the answer might have been different:

First. Is it an act of justice to deprive the people of the United States of the right to be secured by gold; and is it an act of justice, after having deprived the people of this protection, to give it to foreigners and international financiers?

Second. Is it an act of justice and is it for the common defense of our Nation to allow foreign investors to hold such amount of American securities that, when negotiated, they might seriously deplete the total amount of gold in the United States Treasury?

The remainder of section 8 concerns additional powers which the Constitution grants to Congress, most of them legislative, but at the same time nontransferable. In the next 12 paragraphs of section 8, I cannot refrain from calling attention to these 3:

To declare war.

To make rules for the government and regulation of the land and naval forces.

To provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions.

I have taken the liberty to quote these 3 of the 12 paragraphs to which I referred because of the gradual divergence of opinions as to the interpretation of the Constitution and the international tenseness in which we find ourselves today. The powers to which I have referred are delegated to Congress and must be obeyed. Should any governmental branch, department, or officer violate these provisions of the Constitution, dismissal from office is in order and should be enforced by the ruling power in this Government, the Congress of the United States.

In studying article I, section 8, one cannot but come to the conclusion that the Constitution delegates specific nontransferable powers to act and to provide legislation, and the power to act, as "to declare war," not only cannot be transferred but is instead the total responsibility of Congress.

I shall now quote the last paragraph in section 8:

Congress shall have the power * * * to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.

This paragraph is clear, for it gives Congress the right to make all laws as set forth in article I, section 8, but all laws must be "for the common defense and general welfare of the United States." The United States means the 48 States and not the Federal Government, so let us not labor under any delusion as to the power of these 48 States, or as to where all legislative power rests. I quote again article I, paragraph 1:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

It would be interesting to know where in the Constitution the proponents of trade pacts or treaties find an excuse to shift this power to the State Department, the reorganization plan to the executive department, Federal-owned corporations to their own heads, and the Gold Reserve Act and stabilization fund to the Executive and Secretary of the Treasury. It would also be interesting to know the meaning of "emergency" and the reason for having had a continuous "emergency" for 8 years. There is no provision in the Constitution that gives Congress the right to enact this legislation, or for the Supreme Court to hold it constitutional.

It is well to bear in mind that constitutionality of all legislation must be based upon the Constitution itself, and not upon some fantastic decision rendered by the Supreme Court of the United States. Citations of court decisions are in no sense conclusive proofs that an act is constitutional, and neither is the enactment of the legislation conclusive evidence that Congress considered the Constitution when the law was enacted. I grant it is the duty of Congress to consider constitutionality, but that seems to be a lost art. To avoid what we have today, namely, a mass of unconstitutional laws, the Supreme Court must, to honor its obligation, base its decision in each and every case squarely upon the Constitution. It is only so that justice can be done to the people of this Nation.

To make this more clear, let me quote from article VI:

This Constitution and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding.

The Senators and Representatives before mentioned, and the members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support any office or public trust under the United States.

There should be no question in the mind of Congress or courts that are called upon to determine constitutionality of legislation, for this is clarified in article VI:

This Constitution and the laws of the United States which shall be made in pursuance thereof, and all treaties made or which shall be made under the authority of the United States, shall be the supreme law of the land.

It is clear from this that laws made in pursuance of the Constitution shall be the law of the land, which infers that laws which are not made with the Constitution in mind are not the law of the land and are, therefore, null and void, and it is in this classification we must place the present trade pacts, for Congress has no legal right to allow this power to remain at the whim and fancy of someone in the Executive or State Department.

To those who are still bent upon stretching the Constitution so as to permit prostitution of the document, let me repeat from the Appendix of the RECORD, volume 86, page 719, wherein you will find a discussion of the preamble of the Constitution:

As questions arise before the legislative, the executive, and the judiciary branches of the Government, or before any Government department or employee, it is only necessary to ask these questions: Will this act on my part perpetuate a perfect Union? Will it establish justice? Will it insure domestic tranquillity? Will it provide for the common defense? Will it promote the general welfare, and will it secure the blessings of liberty to ourselves and our posterity? If you are in doubt, or if the answer is "No" to one or more of these six questions, the matter under consideration is unconstitutional and, therefore, not allowable except by special permission of the people as set forth in article V.

It will be found that article I, section 8, delegates specific powers to Congress in legislation and regulation which appear to be clear and understandable. Should any question arise in the minds of those who serve in Congress as to interpretation or meaning, the benefit of the doubt must be given to the people, as set forth in article IX:

The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people.

When question arises as to the extent of power that has been delegated to Congress and to the Government of the United States, article X should prevail. And this is particularly true when attempts are made to widen or reconstruct the meaning of the Constitution, for the people reserve the unwritten power in the Constitution to the States and to themselves. I quote article X:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Inasmuch as there is no specific delegation of power to Congress to put the Federal Government in competition with private business, one cannot but assume that the Government is now engaged in illegal competition. When the Government allows imports that are destructive to our producers it has exceeded its constitutional authority. Article X is plain and states distinctly that the powers and rights not delegated to the Government are reserved to States and to the people themselves. This Nation can survive only by adhering to the Constitution. When we depart from it we have destroyed a united America. [Applause.]

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Idaho [Mr. DWORSHAK].

Mr. DWORSHAK. Mr. Chairman, for several days this House has been deluged with oratory from the majority side to approve the extension of legislation authorizing the President to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930. Majority leaders of the Ways and Means Committee seek to create the impression that only partisan opposition is being directed to this indefensible delegation of tariff-making power to the executive departments. They contend that after 6 years of operation, these trade pacts have proved successful, with utter contempt not only for the statistical records of governmental bureaus dealing with exports and imports, but likewise for the frantic appeals of American farmers, who have been penalized by those who have been charged with the administration of this act.

While the administration is marshalling all of its political forces to gain extension of its authority, and while certain industrial interests are rallying to its support, I prefer to examine the record to get the realistic results of the trade pacts and their impact upon American agriculture and industry. These are more reliable than the political fulminations of bureaucrats seeking to wield their unconstitutional power in promoting free trade through tariff concessions made without congressional approval. I also prefer to rely upon the views of those who have been most vitally affected.

Producers of raw materials and agricultural commodities in this country cannot reconcile efforts of the administration to restrict production in this country with a foreign-trade policy which opens our domestic markets to imports from foreign countries having low-wage standards.

It is not necessary to refute the claims advanced by administration spokesmen, because Idaho farmers are not so much concerned with theoretical advantages of the trade pacts as they are with the practical results and their effect upon agriculture generally. Not only have their personal experiences convinced them of the fallacies of slashing tariffs, but the current depressed prices reflect the devastating results of foreign competition.

Throughout the operation of the agreements there has been a constant expansion of agricultural imports, with corresponding shrinkage in exports from this country. During 1939 the unfavorable trade balance on farm exports and imports increased almost $300,000,000. The outbreak of war in Europe last September has accentuated the situation so that the tide will now run more acutely against the United States.

The United Kingdom is now free to disregard most of the concessions granted in the agreement with this country. When Britain recently placed an import embargo on many products it was not necessary to consider the specific commitments made to the United States in the pacts. A great many items on which the United Kingdom made concessions are now forbidden entry into that country, so that actually these concessions become virtually useless during a war. This makes the agreements even more disadvantageous to our own country through shipments of British products to us to acquire dollar exchange to be used in the purchase of military supplies. This is particularly true in the flooding of this country with manufactured and raw woolens.

There already has been widespread depreciation of foreign currencies, and at the end of the war, if not sooner, there will result abnormal imports under emergency conditions, to the decided detriment of American producers.

Only recently negotiations were suspended with Argentina and Uruguay because of violent opposition from agricultural areas and an obvious effort to placate opponents until such time as the Trade Agreement Act can be renewed and other political considerations overcome.

In Idaho, and in the West generally, agricultural, lumbering, and mining industries have suffered from competition provided by imports from foreign lands under the trade-agreement program, notwithstanding the artful and alluring claims of administration leaders. The National Grange, that representative agrarian group, at the annual meeting at Peoria, Ill., last November, declared in a resolution that—

The reciprocal trade agreements program has caused serious damage to American agriculture. It has depressed farm prices by encouraging imports of competitive products from countries where substandard labor conditions prevail. It is wrong in principle and violates the Constitution. It should not be renewed when it expires by its own limitations on June 12, 1940.

The Idaho State Grange, with more than 10,000 members, last October, at its annual meeting, specifically called attention to the proposed extension of trade agreements in South America, as follows:

Whereas the people of South America are seeking to export their farm products into this country; and

Whereas the United States has a sufficient supply of most of its own farm products: Therefore be it

Resolved, That since this reciprocal-trade agreement with South American countries is a benefit to the manufacturer, and a detri-

ment to the farmer, the Idaho State Grange goes on record as being opposed to a reciprocal-trade agreement with South American countries.

The livestock interests of this country have consistently opposed the negotiation of trade pacts because of their harmful effects. Characteristic of this industry is the National Wool Growers Association, which, at its seventy-fifth annual convention January 23–25, 1940, at Casper, Wyo., made this observation:

During the past year we have observed the detrimental effect on the wool-growing industry by reason of the trade agreements negotiated with Great Britain and Canada, and the proposed trade agreement with Argentina. They have deprived the citizens and taxpayers of this country of their own markets to the advantage of Great Britain, and the anticipated trade agreement with Argentina has adversely affected the demand for the coarser wools and mohair.

We again place ourselves on record as opposing the Reciprocal Trade Agreements Act and demand that it be permitted to lapse on June 12, 1940; that the terms of the Constitution of the United States be complied with wherein all acts pertaining to revenue originate in the House of Representatives, and that all treaties be approved by the Senate of the United States before becoming effective.

The Idaho Wool Growers Association, meeting January 4–6, 1940, at Boise, adopted this position relative to trade treaties:

Since our last annual meeting we have had the opportunity to observe the effects of time on the Great Britain trade treaty which admitted rags, waste, and noils at reduced tariffs, and also allowed manufactured and semimanufactured goods of lightweight class to enter at reduced duties. Anything as controversial as trade treaties deserves to be scrutinized most carefully.

Increased imports of rags and wastes in the first 8 months of 1939 were more than five times as much, or 12,000,000 pounds of this class of once-used wool as came in during the same period of 1938. Truly, the statement, "America clothed in European rags," seems to be more on its way to fulfillment since the drastic cut of 50 percent in tariff on this class of wools. Importations of lightweight materials under the same treaty showed almost a like increase. This reduction in the tariff not only lost a market for our domestic wools but it likewise took away from American manufacturers and textile workers an opportunity to make a living. One manufacturing report stated that the Great Britain trade treaty had cost 6,000 textile workers 4 months' employment.

We reaffirm our opposition to further trade treaties and to those already completed. We ask that treaty-making powers be reinvested in the Senate, where they belong, and that the authority granted the President to make such treaties be rescinded at the earliest possible moment.

The National Reclamation Association has made an exhaustive study of this problem, and directs attention to the fact that while the acreage irrigated by Federal Indian and Bureau of Reclamation projects totals 3,538,000 acres, it would have required 43,982,000 acres in the United States to produce the equivalent of farm products imported into this country during 1938.

This association, meeting November 14–16, 1939, at Denver, Colo., adopted the following resolution on the foreign-trade policy:

Whereas, under the act of Congress authorizing the Secretary of State to negotiate reciprocal-trade treaties with the different nations, there is, contrary to the usual practice, no requirement that the treaties be submitted to the Senate for ratification; and

Whereas many competitive goods and commodities are being admitted to the United States under reciprocal treaties already negotiated, and doubtless would be admitted under other treaties yet to be negotiated, much to the prejudice in many instances of goods and commodities already being produced in this country; and

Whereas the Members of the Senate of the United States should have a chance to protect the producers of the United States by passing upon the wisdom of any and all reciprocal treaties negotiated: Therefore be it

Resolved, That any act or acts permitting the negotiation of reciprocal treaties should be so amended that hereafter all such treaties shall receive, before going into effect, the confirmation of the Senate, as contemplated by the Constitution; and be it further

Resolved by the National Reclamation Association, That it is unalterably opposed to any type of reciprocal-trade treaty which will penalize western agriculture or industry;

Resolved further, That copies of this resolution be sent to the Senators and Representatives in Congress of the States which are members of this association.

The Idaho State Dairymen's Association, in annual session at Rexburg, Idaho, last December, voiced the opposition of the dairy industry to the trade-agreement program when it urged the exercise of the greatest caution and the most careful scrutiny of domestic markets and productive conditions, particularly in the field of dairy products. The association declared it was "firm in the belief that domestic markets for American products should not be endangered."

Entirely aside from the question of how the trade agreements have affected American economy is the claim that the legislation authorizing their negotiation without requiring Senate ratification is in direct conflict with the Constitution. However, it is apparent that the administration is unwilling to permit duly elected representatives of the people to pass on these treaties. This is substantiated by Henry F. Grady, Under Secretary of State, who, before the House Ways and Means Committee, recently declared:

To require Senate ratification of trade agreements would be not merely a check on the authority to be exercised by the Executive, but a complete black-out. Let there be no misunderstanding on this score, and no mincing of words—ratification is tantamount to repeal.

The foregoing indicates that administration forces are willing once more to flout constitutional safeguards and ruthlessly disregard the processes of orderly government. The theory behind our Constitution is that this instrument provides a limitation of power placed upon our governmental officials and departments, and unless such power is granted under the Constitution, said department does not have the legal right to go beyond said limitations. Therefore, we can safely assume that the writers of this immortal document specifically had in mind that the Senate, which is composed of representatives of our citizenry, should have the right to pass in review upon treaties made, negotiated, and executed by the executive branch of our Government.

Everyone knows that our Federal Government is one of checks and balances. Each branch has certain defined duties and responsibilities, separate and apart from the other, but underneath it all is an interwoven check by one upon the other. To hold otherwise would be to defeat the fundamental purposes of a democratic form of government. I believe that all authorities on political science will agree with me that in a democracy the sovereignty of the state rests in the people. They delegate certain governmental official authorities to their elected servants, but in order to safeguard that fundamental right of sovereignty, of necessity, the acts of said officials must be kept as closely as possible to the elected representatives of said citizens.

Under the existing Reciprocal Trade Agreements Act the Chief Executive relies upon the Department of State. The Department of State in turn bases its recommendations and judgment upon the findings of a Tariff Commission. The Tariff Commission in turn bases its recommendations and findings upon a bureau known as the Committee for Reciprocity Information; and, under the existing statute, the only way that the people can protest against any treaty to be negotiated is to appear, either in person or by their representatives or Congressmen, before the reciprocity committee and lay before it protests against the consummation of such a treaty. In other words, we have set up an autocratic, despotic bureau, composed of men who receive their appointments and authority by virtue of appointment by the Chief Executive. They are answerable only to their immediate superiors, and the people exercising their constitutional privilege of franchise have no immediate and expeditious way of removing said autocratic officials, even though said officials' acts may be contrary to the people's wishes and desires.

The making of trade treaties is, of necessity, a function which should be kept as closely as reasonably possible to the people, for they are primarily affected.

Trade is the life of American industry, and we, of course, are vitally concerned with the creation of both a domestic and foreign market for our raw products and manufactured

materials, but negotiations for such must be based upon the principle of equity to all industries concerned.

Many items which arise in the negotiation of a treaty, because of the intricacies, cannot be at the moment of knowledge to bureaucratic negotiators. They are, in many instances, only known to those representatives of the people who keep in close contact with the electorate at all times. It is for that reason that our courts have held that the Senate may affirm and ratify said treaties as presented to it, or it may refuse ratification, or it may even make ratification conditional upon the adoption and incorporation of certain amendments into said treaty. Fundamentally, therefore, it is to the interest of our citizenry to have said treaties affecting our trade made subject to the confirmation, ratification, or rejection of our legislative branch of government.

There can be no defense for extending, under the most-favored-nation clause, concessions to all countries not discriminating against our trade while the United States receives concessions only from the specific country with which a trade pact is consummated.

Roger W. Babson, the statistician, recently released a statement favoring the trade agreements because "they have lowered tariffs, helped business, given jobs all over the world." The farmer and laborer in America are not primarily concerned about creating jobs all over the world; they are more concerned about jobs for themselves. They know that the Hull program has been extremely beneficial to every one of the 20 countries with whom pacts have been negotiated instead of promoting the welfare and economic security of our own country.

Irreparable damage has been inflicted upon American agriculture by the reciprocal-trade agreements during the past 6 years. There can be no recovery or prosperity in this country so long as the interests of foreign countries are given precedence over domestic producers. Authority to ratify treaties and control tariff schedules should be restored to Congress at once. [Applause.]

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL.]

THE RECIPROCAL-TRADE LAW, IF EXTENDED, SHOULD REQUIRE CONGRESSIONAL APPROVAL OF AGREEMENTS EXECUTED UNDER IT

Mr. ANGELL. Mr. Chairman, as a Representative from the State of Oregon, I am opposed to the extension of the Reciprocal Trade Agreements Act unless it is modified by requiring congressional approval of all trade pacts negotiated. My opposition is based on the fact that it has brought disaster to the major industries in my State and the West generally. Oregon is an agricultural and lumber-producing State. Our pay rolls are largely based directly or indirectly on these two undertakings. Both of them have been most seriously affected by the operations of the trade agreements thus far negotiated. I sincerely feel that the underlying purpose of the legislation is being ignored in the trade treaties thus far negotiated affecting our State, as I will show by its operations in our territory. The issue is not a partisan one. It affects the welfare of our whole Nation.

As shown by its wording and as stressed by Secretary Hull at the hearings before the Ways and Means Committee, this act was passed as an emergency measure purely. Its purpose was to stimulate foreign trade and assist in lifting the United States out of the depression in which it was in 1934, at the time the act was passed. Being an emergency measure, it was proposed as a stopgap and temporarily placed this far-reaching legislative power in the hands of the President to meet the emergency. Notwithstanding this power, however, was placed in Executive control in an emergency, it seems to be the purpose now to make it permanent and to freeze it in Executive control, even though it is purely legislative.

I am opposed, in principle, to the Congress surrendering to the Executive any legislative power lodged with it by the Constitution. It is quite proper to authorize the Executive, through such agencies as he may set up, to make investigations and determine facts and data, and even make proposals for trade agreements or tariff legislation, but final action thereon should be preserved in the control of the Congress, where it is lodged by the Constitution. This act, if extended, therefore, should preserve the power to the Congress to pass on any trade agreements negotiated under it.

When the 1930 Tariff Act was being considered, the Honorable Cordell Hull, who was formerly a member of the Ways and Means Committee, and who was then a Member of the Congress, and the gentleman from North Carolina, the Honorable ROBERT L. DOUGHTON, the present distinguished chairman of the committee, vigorously opposed the flexible provision of that act as being an unwarranted surrender of legislative power to the Executive too dangerous and alarming to contemplate. The power surrendered in the 1930 act, known as the flexible-tariff provision, was much less extensive than that in the present act. Mr. Hull said:

> It is clearly unsound, unwise, impracticable, subversive of the plain functions of Congress, and should be speedily repealed.

Mr. Hull also said:

> The proposed enlargement and broad expansion of the provisions and functions of the flexible tariff clause is astonishing. It is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As was said on a former occasion, "This is too much power for a bad man to have or for a good man to want."

The gentleman from North Carolina [Mr. DOUGHTON] said:

> In my opinion we have gone a long way too far already in the centralization of power in the Executive head of the Government. * * * And if this bill is enacted into law, he will have the power of life and death over industry, of manufacturing enterprises and complete autocratic power affecting agriculture. My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States. In fact, with all the unrestricted and unlimited power, he would be in a better position to overthrow our form of Government and proclaim himself king than was the first consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself emperor.

These gentlemen are the leading advocates of the present Reciprocal Trade Act and urge its extension. This act is a complete abdication by Congress of its tariff-making power. The only power the executive department has to negotiate reciprocal-trade agreements is that vested in it by Congress. This power is purely legislative and cannot be delegated. Congress can delegate the power to administer law in accordance with the standards or rules it lays down, but it cannot delegate its power to legislate. The Reciprocal Trade Act, however, lays down no guiding rules, but attempts to delegate the whole legislative function to the executive department, reserving to itself no control or voice in the final execution of agreements which are negotiated under the provisions of the act. In exercising these functions, the executive department is merely an agency of the Congress and should be required to report to the Congress all agreements negotiated and proposed for ratification, modification, or rejection by the Congress. As a matter of fact, the executive department in administering the Reciprocal Trade Agreement Act has reduced over 1,000 rates of duty; has agreed not to increase rates on 100 additional items; and has agreed not to place a duty on some 150 products which are admitted free of duty in the United States. It has virtually repealed and set aside many acts of Congress, and has attempted to bind its hands as to future acts.

TRADE-AGREEMENTS NEGOTIATIONS—STAR-CHAMBER PROCEEDINGS

It is true the act provides in section 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.

It was believed by the framers of the act that this provision would give the public as well as Members of Congress an opportunity to be heard and have an effective voice in the enactment of tariff legislation which, as aforesaid, is a congressional function. However, in practice, the so-called opportunity to interested persons to present their views before trade pacts are entered into has proven to be only a gesture. As shown by the testimony of the many Congressmen and others who have appeared before the Committee for Reciprocity Information, which is the agency set up by the President—pursuant to section 4 of the act—the public and their Representatives in the Congress have no effective means of presenting their views or having a part in the framing of tariff legislation or of trade treaties. It is generally conceded that the time spent in appearing before this Reciprocal Trade Committee is wasted time. One of our colleagues characterized these hearings as follows:

But I have never left that committee room down there and have never met another man who ever left that committee room down there, but who left with the impression that they were a bunch of stooges sitting up there, and that they were sitting there just for the purpose of giving the American people a chance to come in and present their views; and that when they were presented, an entirely different set of committeemen take up the actual negotiation of the treaty and produce it from information not received by the Committee on Reciprocity but from information worked out by other committees that work behind the scenes, behind the velvet curtains, so to speak, and that this is just an external display of showmanship to satisfy and appease the American people and make them think they are getting a chance to be heard—shadow boxing, as comes to me from the side lines (hearings, p. 459).

The feeling prevails generally among those who have appeared before this Committee that the negotiations carried on leading to the consummation of a trade treaty is a star-chamber proceeding. Members of Congress have no voice in this proceeding. The American farmer and manufacturer directly interested is shut out. They have no voice in the proceeding and are kept in the dark until after the proposed treaty has become binding. It cannot then be changed for 3 years. This un-American procedure should be remedied. The duly elected Members of the Congress should restore to themselves the power to approve or disapprove any such agreements.

RECIPROCAL-TRADE PROGRAM AN EMERGENCY MEASURE TO EXPAND FOREIGN TRADE

Mr. Chairman, the Reciprocal Trade Act went into effect June 12, 1934, as an emergency measure, has been extended by Congress once and expires again in June. It is now proposed to extend it for an additional 3 years.

It is well at the outset to consider the original purpose of the reciprocal-trade program. The act itself provided that it was enacted for the purpose of expanding foreign markets for the products of the United States as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce. In order to accomplish this, the Congress provided that the admission of foreign goods into the United States should be regulated according to the need of American production so that foreign markets would be available to American producers affording corresponding market opportunities in the United States for foreign products which we do not produce.

I am fully in accord with these expressed purposes of the Reciprocal Trade Act, but they are not being accomplished under the administration of the law. My objection goes to the method of its administration by the State Department, resulting in serious injury to many of the agricultural and industrial sections of our country, particularly in the Northwest and my own State of Oregon. In brief, the whole theory of the reciprocal-trade law is to facilitate trade by stimulating and providing foreign markets for American products of which we have a surplus, and at the same time opening American markets for the importation of those products which we do not produce and which we need. The underlying theory is the same as that laid down by President McKinley in 1897, when he said:

The end in view is always to be the opening up of new markets for the products of our country by granting concessions to the products of other lands that we need and cannot produce ourselves, and which do not involve any loss of labor to our own people, but tend rather to increase their employment.

I want to stress that the purpose of the reciprocal-trade program is not to open our markets to products which we ourselves produce or can supply. It was not designed to bring about free trade but to provide foreign markets for products which we produce in excess of our own demands and furnish American markets for such imports as we ourselves do not produce. It was never contemplated, for instance, that the lumber markets of America should be thrown open to imports of foreign products from Canada and other countries, depriving our own lumber producers of a market for domestic lumber, of which we have a surplus. It was not intended that the bars should be let down for the importation of cattle and beef products from Canada and Argentina to displace our western cattle.

FOREIGN BEEF

We should not, it is true, erect trade barriers to keep out all foreign trade. We should, however, insist on the application of the policy long adhered to in maintaining equality of competition by equalizing the cost of production of competitive commodities of foreign products entering America. We should protect our home markets by preventing their use as dumping grounds for cheap competitive foreign products. One of my colleagues on the floor of the House last year exhibited a can of Argentine beef which he purchased at the commissary in the Agricultural Building in Washington, at which time he was advised that no American product could be obtained there. I recently received a letter from a gentleman in Arizona, a stock-raising State, stating that the tax rolls in his State showed that there was about one-tenth of the livestock in that State now as formerly, and he enclosed a wrapper from a can of Paraguay beef sold there, stating that he was unable to obtain any American product in his community. We will recall that our own President stated that Argentine beef was preferable to American beef, and our Government is importing such product for governmental use, while the States from which many of us come are endeavoring to maintain their herds. In my own State of Oregon herds formerly roamed the hills of the eastern and southeastern part of the State, where now in many places there are none at all.

In discussing this subject before the Committee for Reciprocity Information in Washington, D. C., Senator TOM CONNALLY said:

We don't feel so kindly toward Argentina that we want to hurt our own farmers to help the pampas cowboys. We don't want to build up industry which is already bloated and overextended. Congress appropriated $700,000,000 to help the farmers last year, and we don't want to do something now to harm them.

In the first 9 months of 1939 we imported foreign products for consumption in the amount of $794,700,000, while in the same period in 1938 we imported $711,600,000. During the same period our agricultural exports declined from $602,700,000 to $418,400,000.

Another striking effect of the operation of these agreements was brought to my attention recently. State Senator C. H. Zurcher, of Oregon, reported that in the Northwest he found a herd of 6,300 Canadian calves, weighing about 250 or 300 pounds each. These calves were being fattened for the American baby-beef market and were being fed, according to State Senator Zurcher, Argentine corn and East Indies molasses. A small duty had been paid on the calves, but the Argentine corn was delivered cheaper here than Iowa corn could be procured, and ships from the Orient brought molasses from the East Indies cheaper than our own sugar wastes could be obtained. This is a striking example of the operation of the

reciprocal-trade agreements and the havoc they are working upon agriculture. It shows the impossibility of American agriculture competing with the cheap labor and living conditions of foreign countries as long as we maintain the American wage scale both as to agricultural employees and maritime workers. The importation of these Canadian calves and the food products for fattening them, of course, deprive the American farmer of a market for a like amount of his products. In 1934 we imported 59,000 head of cattle. In 1938, under the trade agreements, we imported 424,000. In 1934 we imported 313,000 pounds of fresh beef, and in 1937, 4,600,000 pounds. The Agriculture Department recently reported that American imports of cattle and beef during 1939 totaled 440,092,000 pounds, or approximately 30 percent more than was imported in 1938. The 1939 imports represented 8.2 percent of the cattle inspected for slaughter in the United States. Under the administration of the trade-agreement law we are allowing foreign beef or cattle to come into our country from Canada, Mexico, and South America to displace American products, thus depriving our American farmer of a market and throwing American laborers out of their jobs. It is no answer that beef prices are up about parity. They will not be long under this flood of foreign competition. It brings forcibly to our attention the fact that the American market is the best market we have for our agricultural products. If we trade it away to foreign countries in order to build up the manufacturing industry in America, we are undoing the very thing that the Congress has been attempting to do in solving the farm problem.

AMERICAN SUGAR MARKET SACRIFICED

Mr. Chairman, many of our people have large investments in the sugar-beet industry. It has come to be one of major importance in many communities in the West, and particularly is this true in my own State of Oregon. Our refinery at Nyssa, Oreg., has a 112-day record of producing 750,000 bags of sugar, and the operating company has fed 8,000 head of cattle from beet pulp as a pulp-feeding demonstration. Growers in the Owyhee reclamation project in Oregon produced 16.2 tons per acre on 17,000 acres last year, the highest production in the United States, save in one area in northern California. The fly in the ointment, however, is that under the crop-control program Oregon growers, as well as those in the other districts of our sugar-beet producing States, are not permitted to place this fertile land in production.

The regulations even threaten to reduce our own acreage in Owyhee from 17,000 acres to 12,000. This plant alone has added $1,000,000 to the assessed value of Oregon and has furnished many jobs to our farmers and laborers. This is a concrete case showing how we can, by proper governmental action, bring capital out of hiding to seek investment in free enterprise, giving the unemployed jobs and merchants markets for their products. Through the operations of the trade treaty and regulations we have thrown the opportunity out the window. Notwithstanding our favored situation with reference to the production of this important domestic crop, under existing laws and regulations and trade treaties we freeze this thriving industry and refuse to permit expansion and import the most of our sugar demands from Cuba, the Philippines, and elsewhere.

AMERICAN WOOL INDUSTRY THREATENED

We in Oregon are especially interested in the wool industry. Many of you have a like interest. The reciprocal-trade agreement with Great Britain became operative on the 1st day of January 1939. Approximately 90 percent of American products on which tariff concessions are made by Great Britain are on the prohibitive list, and export license must be obtained for any of the products to be shipped. In other words, anything Britain shall ship may come to us free from quota restrictions and currency regulations. France, Belgium, and Italy benefit equally with Great Britain by this treaty, which is further enhanced by the rate of exchange. During the first 8 months of 1939, representing the period during which the reciprocal-trade agreement with Great Britain had been in effect, our imports of woolen rags totaled 5,461,292 pounds, an increase of 4,969,167 pounds, or more than 1,000 percent, compared with the corresponding months in 1938. Imports of manufactured woolen goods also showed tremendous increases, amounting to 8,749,587 square yards, during the first 8 months of 1939, or more than 100 percent over the imports for the corresponding period of 1938. The imports of these materials amounted, in the 8-month period, to over 12,000,000 pounds, which would equal approximately 25,000,000 to 30,000,000 pounds of raw material. The combined raw materials and finished products is the equivalent of 35,000,000 pounds of raw wool. It is estimated that it amounts to twice the annual wool clip of such States as Oregon, Idaho, South Dakota, Ohio, and many other wool-producing States, and more than half of the total annual raw-wool production in the great sheep-raising State of Texas.

WEST COAST LUMBER INDUSTRY SCUTTLED

In Oregon we have the largest body of standing timber of any State in the Nation. Over 50 percent of our pay rolls come from the forest industry. The Douglas fir forests of Oregon and Washington are the largest in the United States. The reciprocal-trade agreement with Canada has resulted in great injury to this industry in our State. In 1935 the total forest products and paper imported from Canada was $108,724,794, whereas in 1938 it had increased to $168,990,162, or an increase of 55 percent. We formerly supplied 75 percent of the North Pacific coast lumber used by the British nation. The Canadian agreement of 1935 lowered the American tariff wall one-half, but left the British Empire tariffs intact. American duties on Canadian lumber were cut 50 percent—all the law allowed, restricted to 250,000,000 feet annually. Under the most-favored-nation clause this reduced lumber duty was automatically extended to every other country in the world shipping lumber to the United States, including Soviet Russia. Lumber imports to the United States increased at once. Douglas fir and west-coast hemlock from British Columbia were practically doubled. In the first 11 months of 1938 Canada shipped 155,000,000 feet of Douglas fir and west-coast lumber into the United States, while west-coast shipments to the entire British Empire, Canada included, totaled only 59,000,000 board feet—a ratio of 3 to 1. In other words, American lumber exporters have been cut off from the British market, but the home market has been opened to Canadian shipments. In 1938 in the Northwest 16 percent of the sawmills worked full time, 32 percent part time, and 52 percent were idle. We paid 76.7 cents per hour to our workers for a 40-hour week and British Columbia paid 57 cents for a 48-hour week.

FOREIGN EXCHANGE CONTROL NULLIFIES TARIFF

There has been set up in Canada a foreign exchange control board, with arbitrary power over rates of exchange, foreign securities, and exports and imports. This arbitrary power lodged in this board by an order-in-council of the Dominion of Canada has given the board the absolute power to stop the sale of American goods in Canada. As a result of this arbitrary action of our northern neighbor the managed depreciation of Canadian exchange has wiped out completely the small protection for American lumber provided by the reciprocal-trade treaty with Canada. I call attention to the rates of exchange fixed by this board for the 4 months of August to November, inclusive, 1939:

Comparative rates of Canadian, British, and American exchange

	Aug. 1	Sept. 1	Oct. 2	Nov. 1	Nov. 30
New York noon buying rate:					
Canadian dollars	0.999765	0.956718	0.894453	0.896562	0.863359
Sterling (in United States dollars)	4.680694	4.21375	4.015833	3.999305	3.882500
Canadian buying rate: Sterling (in Canadian dollars)	----------	4.44¼	[1] 4.43	[1] 4.43	[1] 4.43

[1] Fixed by the Canadian Foreign Exchange Control Board at a buying rate of $4.43 and a selling rate of $4.47.

The disastrous effect of this arbitrarily managed exchange is at once apparent when we thus see that on November 30, 1939, a British pound would only buy $3.99 worth of Oregon lumber, but $4.43 worth of Canadian lumber. Likewise, the Canadian exporter of lumber to Oregon, or to its lumber

markets in the United States, would have an advantage through this favorable exchange of 13½ percent to 14 percent over Oregon lumber producers. The Canadian exporter of Douglas fir lumber selling at $18 per thousand board feet the current price, with a retained duty of $2 per thousand board feet, would have an advantage over Oregon producers under the exchange rate of 14 percent, or $2.50 per thousand board feet. This would more than offset the tariff under the treaty. This tells the story why cheap Canadian lumber undersells our Oregon lumber, and why our Oregon mills have been closed down much of the time, while the Canadian mills run full time. It also explains why many of our loggers and sawmill workers in Oregon are on the relief rolls and W. P. A. drawing from the Federal Treasury. The American lumber industry, with high wages and costs cannot, in the American markets, compete on a free basis with western Canada, with cheap labor.

Mr. Chairman, with congressional approval of trade treaties, these facts could be presented to the Congress with assurance of fair treatment. Under the present secret negotiation and consummation of trade treaties, the American producer is helpless. He not only has no voice in the procedure taken, which may ruin his industry, but, likewise, his duly elected representatives in Congress have no voice, having delegated their legislative power to the Executive. As a result of these conditions threatening to destroy our lumber industry, our lumber producers have appealed to the Secretary of State for relief from the trade treaty with Canada, saying:

1. The basis of commerce between Canada and the United States has been abrogated by the Dominion Government through formation of the foreign exchange control board, which has complete and arbitrary powers over foreign exchange, rates of exchange, imports, and exports.

2. The managed depreciation of Canadian currency has completely offset the existing $2 a thousand tariff and tax protection granted American lumber producers in the trade agreement. In this connection the American producers show that the present depreciation of about 14 percent on Canadian currency amounts to around $2.50 a thousand feet on $18 lumber, or more than the total of $2 a thousand of existing tariff and import duty.

3. Canadian lumber mills operated steadily in 1939, piling up inventories estimated at more than 330,000,000 board feet of lumber as of the middle of last December. With British ships not available to move this large accumulation of lumber, there is the threat that Canadian mills will start selling to the nearby American market.

Since 1934, following the inauguaration of the reciprocal-trade program, the Pacific Northwest has lost a billion feet of its offshore lumber trade, which means the loss of 2,000,000 days of work each year, or about $12,000,000 in wages.

TRADE-TREATY PROGRAM UNDERMINES AMERICAN LABOR

Few countries have gone as far as has the United States in protecting its wage earners. We have put a floor under wages and a ceiling over hours, and have provided minimum wages and have raised standards on a broad scale for the guaranteeing to American workmen healthful surroundings and social security. We have imposed heavy taxes on American industries and agriculture to provide these advantages to laborers and other citizens. As a result, these additional costs are reflected in the cost of American products. We cannot hope to maintain our agriculture and industries on a profitable basis, which are heavily taxed for these purposes, if we throw their products in free competition with peon, coolie, and other cheap labor of foreign countries.

A striking example of this unfair competition was evidenced in the proceedings looking toward a reciprocal-trade agreement with Argentina, where it was proposed to reduce the import duty on turkeys. It was disclosed at the hearings that turkeys could be produced and delivered from Argentina on the New York market at 10 cents per pound, whereas the cost of production in the United States was 20 cents or more per pound. It stands to reason that if the American market for turkeys, which is the best market in the world, is thrown open to Argentine importations that Oregon turkeys and other American-produced turkeys would not only be displaced to the full extent of the foreign importations, but the whole price structure of this important American product would collapse. Oregon is one of the largest turkey producing States in the Union. We enjoy an excellent east-coast trade. But it costs as much to ship turkeys from Oregon to New York as the Argentine turkeys can be sold for on the New York market duty free. It is true that the trade negotiations with Argentina have been discontinued until after the 1940 elections, but we should not deceive ourselves. They will be revived after the elections and British influence on Argentina is lessened. Argentina will then be given our turkey market, as South America and Canada have been given the beef market and Canada the lumber, shingle, and pulp market at the expense of Oregon and the other Western States.

Such trade practices are clearly beyond the underlying purpose of the reciprocal-trade agreements and it is just such practices that caused many Congressmen, Republicans and Democrats alike, to appear before the Committee for Reciprocal Information and protest against the proposed trade agreement with Argentina.

CONGRESS SHOULD RECAPTURE ITS CONTROL OVER TRADE TREATIES

Mr. Chairman, those of us in the Congress who represent the districts which are suffering from these importations should insist that suitable safeguards should be provided in the further extension of the reciprocal-trade program so that such practices will be stopped. Under the present administration of the trade program through the State Department the Congress is denied any voice in the matter. These treaties, vital to our welfare, are agreed upon by bureau employees behind closed doors. We are denied the right to know who they are. The duly elected representatives of the people most vitally affected by these unwarranted importations are without any power or authority unless we modify this law.

PROMOTE INTERNATIONAL GOOD WILL, BUT NOT BY SURRENDERING OUR AMERICAN MARKETS

We join with Secretary Hull in an earnest desire to engender international good will by removing, so far as possible, foreign trade barriers. We do not, however, feel that in justice to American citizens we should adopt a free-trade program with respect to any major products of our own country that will stifle American production, throw American laborers out of work, and trade off American markets with no compensating returns.

I want to stress again that the purpose of the reciprocal-trade program is not to open our markets to products which we ourselves produce in excess of our own demands. The real purpose is to furnish American markets for such imports as we ourselves do not produce and to provide markets for our excess production. That is reciprocal trade. It was never contemplated, for instance, that the lumber markets of America should be thrown open to imports of forest products from Canada and other countries, depriving our own lumber producers of a market for domestic lumber of which we have a surplus. Furthermore, it was not intended that the bars should be let down for the importation of cattle, and beef products from Canada and Argentina to displace like American products in the American market.

FARMERS AGAINST RECIPROCAL-TRADE PROGRAM

I call your attention to the fact that the National Grange, the outstanding farm organization in the United States, is opposed to the present reciprocal-trade program. If the farmers of America were being benefited by the program, it would have their whole-hearted support and not their opposition. They know, as we know, that the reciprocal-trade program is working havoc with the farming industry and is depriving the American producers of the best market in the world for their produce, the American market. The National Grange has adopted the following resolution:

The reciprocal trade agreements program has caused serious damage to American agriculture. It has depressed farm prices by encouraging imports of competitive products from countries where substandard labor conditions prevail. It is wrong in principle and violates the Constitution. It should not be renewed when it expires by its own limitations on June 12, 1940.

Mr. L. J. Taber, master of the National Grange, testified before the Ways and Means Committee in opposing the extension of the reciprocal-trade law:

May I make a further observation before turning from this farm question? I want to say that this Congress and the Ways and Means

Committee should face the fact that, if we are going to have these reciprocal treaties, we must look forward to adding another billion dollars to farm payments because of the depressing effect of these treaties, the repercussions of even small importations, the certainty of a lowered standard of living, and world-wide poverty, which will make imports beat at our doors, so that, instead of being satisfied with what Secretary Wallace reports, I will serve notice now that, if we are going to continue the reciprocal-treaty program, the Grange is going to come here and ask not for hundreds of thousands of dollars but a billion dollars additional to bring agriculture up where it ought to be. Why? We are 22 percent below parity now after 6 years of reciprocal treaties. We have not helped the surplus problem; we have not helped the farm income. The farm dollar is 22 percent below par. We have about 22 percent unemployed. We have not solved the farm problem. We have distressed it. Until we quit distressing it, we cannot make progress.

EXPORT TRADE UNDER THE RECIPROCAL TRADE ACT

An examination of the official statistics of the Government discloses that the administration of the Reciprocal Trade Agreement Act and the trade pacts negotiated under it have not resulted in increasing our agricultural exports, but, on the other hand, have opened our local markets to many competitive agricultural products resulting in serious injury to our farmers.

During the fiscal year ending June 30, 1934, the last full year before the reciprocal-tariff program went into effect, our exports of farm commodities totaled $787,343,000. Our farm exports for the fiscal year ending June 30, 1939, amounted to $682,962,000. This shows a loss of farm exports of $104,381,000.

During the fiscal year ending June 30, 1934, our imports of farm commodities totaled $838,952,000. For the fiscal year ending June 30, 1939, farm imports amounted to $998,616,000. This shows an increase in imports of $159,664,000.

Speaking only of competitive imports, there was an increase of $67,625,000 in 1939 as compared with 1934.

The cash income of the farmers of the United States for 1937, including Government payments, was $8,574,000,000. In 1938 this income was $7,632,000,000, a decrease in farm income of $942,000,000. This effect of the lowering of import duties on competitive agricultural products is further disclosed by a comparison of the importations of these products as compared with the noncompetitive agricultural products.

The average imports of competitive agricultural products for the 5 years ending June 30, 1934, were $495,395,000. For the next 5 years, beginning July 1, 1934, they were $616,149,000, or an average increase in competitive imports in the last 5-year period compared with the first of $120,754,000. Then take the noncompetitive agricultural products for the first 5-year period. They averaged $574,143,000, and for the last period they averaged $536,933,000, or a decrease, an average decrease, of $37,210,000.

The disastrous effect of the trade treaties on agriculture is further disclosed by the statistics of the Bureau of Agricultural Economics—Ways and Means hearings, page 928. This table uses the index of 1929 as 100 and compares the income of farmers from all crops with the income of industrial workers. Thus the income of 1934 of the farmers of all crops was 56, this being the year preceding the reciprocal-trade program. In 1939 it was 56.5, showing practically no increase, whereas the increase of industrial workers for the same period shows, 1934, 61.3, and 1939, 79. It is of interest to compare the customs collected per capita in the United States and other leading countries in 1937 under the operation of the reciprocal-trade program, and also the progress made by the United States in recovery with these other nations now following such a program. The following table shows the customs collected per capita in 1937 in nations named—Ways and Means hearings, page 793:

Great Britain	$22.84
Switzerland	16.76
Australia	16.51
Canada	11.62
Norway	10.50
Finland	10.34
Venezuela	9.42
Germany	9.02
Argentina	8.22
Panama	7.51
Chile	7.19
France	6.90
Cuba	6.76
Sweden	$6.74
Belgium and Luxemburg	6.42
Spain	6.17
Union of South Africa	5.01
Netherlands	5.92
Costa Rica	4.98
Italy	3.74
United States	3.56

It is thus seen that the United States is at the bottom of the list, collecting $3.56 per capita as compared with Great Britain collecting $22.84. Turning to a comparison of recovery from the depression, we note that, taking 1927 before the depression as representing 100 percent, in 1938 the United Kingdom had a recovery of 115.5, whereas the United States had 72.3. This is a striking illustration of the operation of two trade programs. England, which formerly was a free-trade country, but now operating under a protective regime, has increased her economic recovery by 15.5 above 1929, whereas the United States, operating under a virtual free-trade program, has decreased 27.7 below 1929. While it is no doubt true that this great difference in economic recovery between Great Britain and the United States is not entirely due to the trade treaties and tariff programs, it cannot be denied that a large portion of the recovery of one and the lack of recovery of the other may be attributed directly to these causes. In fact, Mr. Henry F. Grady, Assistant Secretary of State and in charge of the administration of the reciprocal-trade program, testified before the Ways and Means Committee—Ways and Means hearings, page 773:

I have never said a tariff has not a place in the national economy. I think it has a very definite place, and I think our tariff policy has been a factor in the development of this country. I am not talking about legitimate protection. I am talking about excessive protection that unduly restricts imports.

A comparison between the exports of agricultural products and nonagricultural products to agreement countries and nonagreement countries as shown by the reports from the Foreign Commerce and Navigation Bureau of the United States Department of Commerce is of particular interest in the study of this question.

United States domestic exports to agreement and nonagreement countries of agricultural and nonagricultural products, 1935–38 (Ways and Means hearings, p. 553)

	1935	1936	1937	1938[1]
Total exports	$2,243,080	$2,418,969	$3,298,928	$3,057,169
To agreement countries	1,257,749	1,391,080	1,902,811	1,793,328
Agricultural products	446,510	452,243	524,895	573,030
Nonagricultural products	811,239	938,837	1,377,916	1,220,298
To nonagreement countries	985,331	1,027,889	1,396,117	1,263,841
Agricultural products	301,182	257,283	272,587	254,516
Nonagricultural products	684,149	770,606	1,123,530	1,009,325

[1] Preliminary.

The table discloses that there was only a slight increase in exports of agricultural products to the agreement countries, whereas there was a very heavy increase in nonagricultural products. Likewise, there was very little change in agricultural exports to the nonagreement countries, but nonagricultural products increased even greater than to the agreement countries.

SIX GOVERNORS OF NEW ENGLAND STATES OPPOSE PROGRAM

The six Governors of the New England States had a representative before the Ways and Means Committee opposing the continuation of the reciprocal-trade program. Governor Ratner, of the great agricultural State of Kansas, says this:

As trade treaties and tariff reductions bring larger imports of foreign products into competition with American farm and industrial products, will we not be forced to leave more land idle and leave more men unemployed? Secretary Wallace has recently announced that the ratio of prices received by farmers to prices paid by farmers, as of December 15, was 79 percent of the pre-war period. As foreign competition made possible by reduced tariffs on farm products keeps farm prices from rising, how can the Kansas farmer expect to compete with foreign agriculture unless reductions in tariff are accompanied by a definite movement to reduce taxes, freight rates, and those industrial products which farmers buy?

RECIPROCITY MEANS FAIR TRADE

We are all deeply concerned in the welfare of our own country. We want the United States to play its part as one

of the family of nations. We do not feel, however, that we are called upon to surrender the American markets to foreign importations of the very products which we produce and of which we have a surplus which we are now unable to sell, thus undermining American industry and putting American laborers on the relief rolls. Reciprocity means receiving compensating benefits for those we give up. We have only 7 percent of the population of the world, and we cannot, in justice to our own people, open our markets to the other 93 percent on a free-trade basis without protection for our own people.

OREGON TIMBER WORKERS AND FARMERS IN DISTRESS

The farmers of my own State of Oregon are in distress. They are not now receiving the cost of production for their products. They are entitled parity. The Congress appropriated $700,000,000 for the relief of the farms industry last year. Many loggers and sawmill workers are forced out of work in the Northwest. We have surpluses of agricultural products and lumber for sale. We want agriculture and the great forest industry of the Northwest protected from importations of products from cheap labor which are undersellling and glutting the American market. We urge that the reciprocal-trade agreements require congressional approval, as under the Constitution, tariff making is a legislative power, vested in the Congress, and we have no right to delegate it. The interest of every community in America will be protected by such a provision.

Mr. BUCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. BURCH].

VIRGINIA—TOBACCO AND TRADE AGREEMENTS

Mr. BURCH. Mr. Chairman, few States have a greater stake in the maintenance of American foreign trade than the State of Virginia. Many of the most important products of Virginia's farms and factories are sold in markets all over the world. Virginia's producers of tobacco, apples, textiles, and lumber and paper products, to mention only a few, depend upon export outlets for the sale of a part of their output, and without these outlets they would find their incomes seriously curtailed.

In 1934 this administration embarked upon a program for the reconstruction of its foreign trade. This trade had fallen to ruinously low levels in the preceding years, largely as a result of the upward spiral of world-trade barriers and the consequent strangulation of normal interchange of goods between nations. The Hawley-Smoot Act, raising our own tariff rates to new high levels, had played an important part in accelerating this disastrous cycle. United States exports fell 68 percent from 1929 to 1933, and farm and industrial income fell with it. Virginia's trade fell with the Nation's, and her farmers and workers shared in the losses.

It was to meet this situation that Congress enacted in 1934 the Trade Agreements Act. Since that time we have been systematically chopping away at the barriers which have been blocking our export trade. In the face of a world situation which was about as discouraging as it could be, substantial progress has been made in opening and protecting export outlets for American products. Because of its accomplishments in the past, as well as for its promise in the future, Virginia and the Nation need the continuation of the reciprocal trade agreements program.

THE TOBACCO GROWER NEEDS FOREIGN MARKETS

Tobacco, one of Virginia's most important products, has been an important American export since Colonial days. During the twenties about one-third of our national production was sold annually in foreign markets and tobacco growers were enjoying relative prosperity. Tobacco prices and income were higher than in any previous period except the war years. The trend of world consumption was upward, and there seemed no reason why the tobacco farmer could not look forward to continued profitable production with stable markets for his crop.

Instead the tobacco farmer saw his price fall from 18.3 cents per pound in 1929 to 10.5 cents per pound in 1932; he saw the farm value of the American tobacco crop drop from $281,000,000 in 1929 to $107,000,000 in 1932; he saw exports decline from about 600,000,000 pounds in the year beginning July 1, 1929, to about 400,000,000 pounds in the year beginning July 1, 1932.

What was the cause of this collapse of the American tobacco farmers' market? Many factors were, of course, involved, but in no small degree the cause lay in the growth of economic nationalism and widespread rise of trade barriers which undermined the profitable growth of international trade. This disastrous tendency started after the World War, accelerated during the period from 1920 to 1929, and was carried to the extreme in depression years. The strangulation of foreign trade which followed is now all-too-painful history. Faced with declining exports and striving to protect the exchange value of its currency, nation after nation saw no issue from the dilemma but to place ever-greater restrictions on imports. International trade in almost all products fell to a fraction of its former value.

Tobacco was no exception. Long subject to high tariffs and heavy internal taxes, tobacco became the target in many countries for an intensification of efforts to curtail imports. The United States as the principal tobacco-exporting nation of the world was, of course, one of the chief sufferers from these measures. With tobacco production growing in many countries, often with governmental encouragement and aid, it was imperative that the United States take some action to protect its position in world tobacco markets. This action was undertaken with the inauguration in 1934 of the trade-agreements program, designed to increase United States foreign trade by reciprocal action with other countries for the mutual relaxation of trade restrictions.

BENEFITS FOR TOBACCO IN THE TRADE-AGREEMENTS PROGRAM

Experience under the trade-agreements program has demonstrated that it is the most effective method yet proposed for the restoration of American export trade. For tobacco it offers the only sound way of maintaining our position in foreign markets.

Trade agreements have been negotiated with 21 countries which account for about three-fifths of American foreign trade. Thousands of concessions have been obtained which improve or stabilize the export opportunities for American products. Despite the discouraging world economic conditions, United States export trade has responded to these opportunities, and in 1939 was 49 percent greater than in 1934, the year in which the Trade Agreements Act went into effect.

The dozen or so of concessions which have been obtained on tobacco and tobacco products represent a major triumph for the trade-agreements program. Faced with a maze of complicated restrictions and impediments to the movement of American tobacco into foreign markets, we have been able to secure substantial benefits for these products in 11 agreements. These accomplishments represent conclusive proof of the adaptability of this program as an instrument of American commercial policy.

Because of the special characteristics of many of the concessions which the United States has obtained on tobacco and its products, it may be well to summarize them briefly:

First. Cuba has granted a 20-percent reduction in the import duty and a 20-percent preference on leaf tobacco. The rates of duty are also reduced and a preference of 20 percent granted over other foreign countries on American manufactured tobacco—cigarettes, cigars, smoking and chewing tobacco, and snuff.

Second. Belgium has given assurance that the rates of import duty on unstemmed leaf tobacco and cigarettes will not be increased.

Third. The Netherlands has bound the import duty against increase on tobacco of the Maryland, Kentucky, and Virginia types. Netherland India has given a similar commitment on kinds of leaf tobacco.

Fourth. Colombia has granted a 50-percent reduction in the import duties on leaf tobacco and on cigarettes.

Fifth. Guatemala has agreed not to increase the existing duty on leaf tobacco.

Sixth. Haiti has guaranteed not to increase the existing import duty or internal taxes on cigarettes.

Seventh. France guaranteed that purchases of American leaf by the French tobacco monopoly during the 1936 season would not be less than the equivalent of $3,200,000 in value or less than 20,500,000 pounds in weight, representing an increase of about 10 percent over the 1935 takings.

Eighth. Czechoslovakia made a commitment to the effect that the Czechoslovakian tobacco monopoly will endeavor to increase its purchases of American leaf tobacco, especially the cigarette grades.

Ninth. Canada has reduced the import duty on American cigarettes from $4.10 per pound plus 25 percent ad valorem to $3 plus 15 percent ad valorem.

Tenth. The United Kingdom has given assurance that the existing margin of tariff preference in favor of Empire leaf tobacco will not be increased, and that after August 1942, when the law expires which guarantees the present margin of preference to certain parts of the British Empire, the United Kingdom Government will examine the position as it then stands and the possibility of reducing the margin of preference.

Eleventh. The United Kingdom Government, on behalf of Newfoundland, has given assurance that no tariff preferences in favor of Empire leaf or Empire-manufactured tobacco, including cigarettes, will be introduced in Newfoundland.

Twelfth. The United Kingdom Government, acting in behalf of the British Colonial Empire, has made the following concessions in separate British colonial dependencies on American unmanufactured tobacco and tobacco products: 19 reductions in the colonial rates of import duty on unmanufactured tobacco, 8 bindings of existing rates of duty against increase, and of these concessions 21 involve parity-with-Empire tariff treatment—abolishment or preclusion of Empire preference. With respect to manufactured tobacco, 13 tariff reductions and 19 bindings of existing rates of colonial import duties were obtained, of which 5 of the concessions involve party-with-Empire tariff treatment. The effective date of the British Colonial Empire Concessions is January 1, 1939, or as soon thereafter as practical.

Thirteenth. Venezuela has reduced its import duty on cigarettes by 40 percent and bound its internal tax against increase.

This is an impressive list of benefits and is ample evidence of the stake of the tobacco farmer and manufacturers in the continuation and vigorous promotion of the trade-agreements program. Because of blending considerations, consumer preferences, and other special factors, it cannot be expected that exports of tobacco will react immediately to these concessions. Nevertheless, it is incontrovertible that in the long run these concessions will help to protect and improve the American position in the tobacco export trade.

In June 1938, the United States Senate adopted a resolution which provided in part that—

> The Secretary of Agriculture is requested (1) to make a thorough study and investigation, immediately, of foreign markets and the possibilities of increased exports for all grades of tobacco and tobacco products; (2) to formulate and give full consideration to a plan or plans for increasing such exports and enabling such exports to be made on a subsidized basis.

THE BEST METHOD OF EXPANDING TOBACCO EXPORTS

After months of study by tobacco experts the Department of Agriculture reported on March 17, 1939, Senate Document No. 39, Seventy-sixth Congress:

> After comprehensive investigation and analysis of all the potentially practicable means of furthering the exports of American tobacco, as well as manufactured tobacco products, it is felt that the reciprocal trade agreements program, and its further extension to countries not now included therein, affords the most practicable basis for achieving the desired purpose. Moreover, that program, and its further extension, is considered to provide one of the most efficacious methods of checking the declining trend in imports registered in certain countries for particular types of American tobacco.

Here is a convincing statement of the need for the maintenance and extension of reciprocal-trade agreements as the only sound long-run method of maintaining that export trade which is so vital to welfare of the tobacco farmer.

Recently opponents of the trade-agreements program have attempted to make political capital out of the trade losses suffered due to the outbreak of war in Europe. Pointing to import restrictions adopted by Great Britain and France they purport to show that the program has been unable to protect American exports. Such charges are without foundation.

It is true that the United Kingdom and France have felt it necessary in their war effort to limit their imports of certain American products. Tobacco has been especially affected by such measures. This fact, however, in no way reflects upon the trade-agreements program. On the contrary, the existence of trade agreements with these two countries is a definite asset in obtaining as favorable treatment as possible under the circumstances. The existence of these problems underlines the need for the continuation of a program through which we may undertake the rehabilitation of our foreign trade when the war is over. It hence emphasizes, rather than diminishes, the desirability of keeping that program in force now.

SUMMARY

In summary, the reasons why the tobacco farmer demands the continuation of the trade-agreements program can be stated as follows:

First. He knows that his welfare is directly dependent upon the maintenance of export outlets for the sale of a large part of his output. The loss of these outlets could bring only ruinously low prices or drastic curtailment of production or both.

Second. He knows from experience that the trade-agreements program gives him the most effective aid possible in his effort to maintain and improve his export markets. This is not only because through trade agreements he can obtain definite improvements in the import treatment accorded his product but also because the general improvement of world trade resulting from that program lessens the danger of foreign countries applying new restrictions to imports of American tobacco. The tobacco farmer knows that trade is a two-way process.

Third. He knows that when peace comes the United States must be ready with a positive program for protecting and regaining the American position in foreign markets. The trade-agreements program has proved that it will be an effective instrument in this task.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, there were three vehicles of recovery adopted by the present administration for the purpose of bringing the country back to recovery. First came the N. R. A., which was to deal with the unemployment problem. Then came the A. A. A., which was an attempt to give the farmers parity. Both of these measures were torpedoed and sunk by the Supreme Court. The third and most unconstitutional surrender of power by Congress was the passage of the Trade Agreements Act of June 12, 1934. This act authorized the President to enter into trade agreements with foreign nations and do so without the concurrence of the Senate or House. Never under a limited monarchy and certainly not under any existing form of popular government was any such power ever delegated to the Executive. Under this power and by virtue of these treaties, the pattern of America is being changed as regards industry and agriculture. This trade-agreement law has been in effect for 6 years, having been renewed in 1937. Under the pending resolution, House Joint Resolution 407, the administration is attempting to renew this power for 3 additional years.

I shall refer later in my discussion to the character of these treaties and its effect on the country. First, however, I desire to give you a bit of history.

In the 1930 Tariff Act, as in former acts, there was a provision for a "flexible tariff" to be handled by the Executive under a fixed formula. It was a constitutional delegation of power with very limited application. At that time the present distinguished Secretary of State, and the chief proponent of

this measure, was a member of the House Ways and Means Committee. On May 13, 1929, Mr. Hull stated on this floor:

The proposed enlargement and broad expansion of the provisions and functions of the flexible-tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have or for a good man to want."

Later Mr. Hull became a Member of the Senate from the State of Tennessee. On May 19, 1932, in the Senate, Mr. Hull said in regard to the flexible-tariff provision:

Mr. President, unless and until the executive department can make permanent the policy of the present Tariff Commission law, with its flexible provision, Congress can lay claim to some semblance of its taxing power under the Constitution, but I deny the right of the executive department practically to assume, to arrogate to itself the chief power of tariff taxation in this country, while it ignores the great lawmaking body charged with that function and duty under the language of the Constitution.

I am opposed to it, and I believe that the sober second thought of the American people will repudiate this unprecedented and unusual and wholly unjustifiable arrogation of power and authority to the President.

I cite the distinguished Secretary of State on this question because it is so completely corroborative of my own present view and the viewpoint of thinking Americans. He frothed at the mouth at the suggestion of a minor delegation of power and now modestly asks that plenary power be given him and the Executive to make the tariffs of the Nation.

FREE TRADE THE OBJECTIVE

I have a great deal of admiration for Secretary Hull and am glad, indeed, that he shows the training and characteristics which come largely from service in this body. He is, of course, the outstanding member of the administration. The sole flaw in his make-up, as I view it, is that he belongs to that race of idealistic free traders who have never seemed to realize that American standards of living, education, and economic well-being are distinct from those of the rest of the world, and that it is impossible to coordinate them by any scheme of international free trade. Nor do I have any outstanding faith in the Americanism of the Department of which he is the head.

Historically, the American people have usually been at variance with the aims and desires of the State Department in foreign affairs. For myself, I would rather confide the economic destinies of this country to this great Committee, coming directly from the people, than to the white-spotted anonymous groups in the Department of State.

STATE DEPARTMENT DISCUSSED

During our history our Department of State has rarely been outstanding or noteworthy. The foreign scene seems to denature their Americanism. Of course, we have had a few years of Andrew Jackson, Seward, Blaine, and Olney, but this Department has never been healthfully or vigorously national in its conception of the dignity and purposes of America. I say this with regret, because I have a good deal of affection for some men in the Foreign Service. From my observation they take the foreign viewpoint and know little or nothing about the real purposes and ideals of America. Yet these men are now writing our tariffs, and every one of those tariffs which they have written marks a trail of economic disaster for some phase of American production.

THE PROMISE OF PEACE

But, says the President, Secretary Hull, and his satellites, as part consideration for this vast delegation of power, "If you will but let us write the tariffs of America, we will bring universal peace to a troubled world." The proof of the pudding is in the eating and this power has been resident in the Secretary of State's office since 1933, a period of 7 long years. These gentlemen are still prating about the peace of the world and I ask the Members of the House to take a bird's-eye view of the conditions in the world today. The only place in the world for any real democracy left is here in the United States and the other major nations of the world are again in a struggle for supremacy. Despite the exercise of this vast power which you delegated in 1933, they have accomplished nothing in the peace line by giving away the American markets to the present combatants.

My own judgment is that this program is pregnant with war and dangers of war, rather than conducive to peace. In any event, a survey of the world shows that after 7 years this vast power as delegated to the President has accomplished nothing, except the lowering of the American standards of living. It has had no more effect on the peace of the world than the proverbial last year's bird's nest.

FOREIGN MARKETS

Again we hear the proponents claim that this trade-agreement procedure will get us back our foreign markets. What has 7 years of it done?

I place in the RECORD at this point a brief table showing the exports of United States merchandise from 1929 down to and including the first 10 months of 1939. It establishes the futility of this claim.

Exports	
1929	$5,157,083,000
1930	3,781,172,000
1931	2,377,982,000
1932	1,576,151,000
1933	1,647,220,000
1934	2,100,135,000
1935	2,243,081,000
1936	2,418,969,000
1937	3,298,929,000
1938	3,057,169,000
1939 (10 months)	2,479,595,000

A good deal of our export is either dumping or war materials. More of it is export of goods and machinery to American plants which at this time have some one-thousand-and-nine-hundred-odd subsidiaries abroad.

If you eliminate the intercompany relations as above described, the total of our exports does not amount to more than 2 percent of our national production. In other words, we are consuming nationally approximately 98 percent of our national production. The 130,000,000 people of the United States constitute the richest cash market in the world. I have seen it stated that our buying power is greater than that of all Europe, with most of Asia thrown in. We need some things from abroad and under an intelligent bilateral dispensation our imports of these necessary articles should furnish sufficient exchange. France and England and Belgium are exporting countries. We are not, and probably never will be.

OUR MARKET IS HERE

It will interest the House to know that during the time of our greatest prosperity our home market reached the stupendous sum of $90,000,000,000, while the international trade of the entire world amounted to less than $72,000,000,000.

AMERICAN STANDARDS HIGHER

Our viewpoint on education, cultural opportunity, is tremendously in advance of the average foreign state. I read recently that more copies of an internationally famous book were sold in Kansas than in all of the British Isles. That is a good index to how far our people have gone culturally and how distinct our standards are.

It is my opinion that the effects of these trade agreements, as negotiated by the State Department, will be to break down and level American standards to the European concepts of life. Carried to their finality they will defeat what I conceive to be the higher destiny of America, where the lot of the common man, however humble, is secure.

SANITARY CONVENTIONS

Some days ago I called to the attention of the House that Argentine corn was bringing into Nashville, Tenn., that dread scourge typhus fever. At the same time I emphasized that the State Department, in negotiating these treaties, had stipulated away the power of Congress to legislate on this question. This, of course, met with a strong denial from the State Department. I do not know how many millions the State Department has spent each year on the promotion of these trade agreements. When I first came here 12 years ago departmental propaganda was not much in evidence. Today if you write the State Department and complain that

foreign cheese is taking away the market and breaking the price structure of American cheese you will get back about 10 pounds of irrelevant literature which it would take a week to read. Volume, not intelligent statement, is the procedure. The gentlemen in the State Department who are running this propaganda bureau have completely overshadowed all of the departments in their dissemination of half-truths and equivocation. Two and two make six, and blue is green, seems to be the burden of their song. They seem to think that a mere Congressman either cannot read or does not read. The fact is that in every one of these trade agreements so far consummated there has been a definite surrender of the power of the United States to adopt sanitary regulations for the protection of its own people. The State Department denies this. I am content to leave the interpretation of this provision, which is present in most of the treaties, to the judgment of the Members of the House. I read you the identical language of this stipulation:

And if there is disagreement with respect thereto (sanitary laws and regulations), a committee of technical experts, on which each government will be represented, shall on the request of either government be established to consider the matter and to submit recommendations to the two governments.

Now, as I construe the plain English of this section, it means that the application of any sanitary law or regulation is taken away from this Congress and left to a joint board composed of experts from the two countries. Such boards might make a report after 4 or 5 years, and at that time, whether or not the joint board was in agreement, the damage would have been done. Here again the State Department group who obviously are more concerned about the peace of the world than they are about the health of the American people. It utterly ignores the sacrifices and disbursements which America has made in behalf of sanitary production.

The United States has gone far in that field, and in other countries the problem has been hardly touched. Our concept of the public health is wholly different from that of other countries. You have only to go abroad to know that. This procedure is deliberately intended to destroy the power of Congress to adopt any sanitary rules and regulations, protective of the health of its people and to give effect to the sacrifices that the country has made in that direction. This stipulation on future sanitary rules and regulations throws to the winds the American dairymen's effort to provide American childhood with a pure and healthful supply of dairy products. It should be explained that the Federal and State Governments have contributed $270,000,000, and the dairymen themselves have spent another $300,000,000, to eliminate diseased cattle and to comply with the stringent and sanitary regulations present in most of our States. As a result our infant mortality is far below that of other countries of the world and the House should remember that no other country has even made a start on sanitary regulations on dairy production.

How would a Member of this House like the idea of eating butter from Russia and some other European countries not distinguished for their hygienic standards? Yet our representatives in the State Department in writing these treaties stipulate that we can make no added sanitary regulations as to imports and the character of the product unless the other country consents. In other words, these other countries who have done nothing in this field have joint power to legislate on our sanitary requirements which are calculated to protect the health and welfare of the American people. This is internationalism gone mad. This procedure may be conceived in ignorance of what America has done and is doing, but it is none the less fatal to the well-being of our people.

The fact is that these treaties by and large have broken down the protection which was thrown around the added costs incident to production in America. The tariff has been reduced on more than a thousand articles.

It is my firm belief that the present unhappy condition of the country is due to these treaties. Industry does not know where it is going to be tomorrow nor does the farmer. This measure should be defeated and the power to make tariffs left in the hands of the House and Senate where the Constitution placed it.

Let me call the roll of who is for these treaties: First, the internationalists of the State Department; second, the importers; third, the international bankers who have largely financed the vast propaganda that has been thrown about these treaties; fourth, the foreign producer of agriculture or industrial products; fifth, a group of sincere but mistaken idealists, who believe in free trade.

Now let me call the roll of those who are against trade agreements: First, the National Grange; second, a large group in the American Federation of Labor, the most numerous body of organized workers and consumers in America; third, the Farmers' Union; fourth, the National Manufacturers' Association of the United States, representing American industry that does not manufacture abroad; fifth, the national dairymen's organizations.

Consider the opponents and proponents of this program. That tells the story. A man usually knows when his ox is gored, and the informed farmer and industrialist of the United States is today in complete opposition to this trade-agreement program that is destroying them. The fact is that this fatal program has fallen of its own weight, and has already reduced the standard of living of every citizen of America, whether he is on a farm or in a shop. If continued, it will result in permanent disaster to all the citizens of our common country. This program should be stopped in its tracks by this House, and the Congress should again exercise the powers vested in it by the Constitution. [Applause.]

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, we are fast coming to the close of this most interesting and most instructive debate. We have been here now 2 days, and I think practically every phase of this subject has been discussed and probably exhausted. It will not be my purpose to attempt to repeat anything that has been said. I have listened carefully to the debates, and in the brief time at my disposal I shall reply to one or two statements made by the gentleman from North Carolina [Mr. DOUGHTON], the distinguished chairman of the Committee on Ways and Means, and then briefly discuss one or two matters that I think have not been touched as yet.

The address delivered Monday by the gentleman from North Carolina [Mr. DOUGHTON], chairman of the Committee on Ways and Means, covered, I think, 13 pages of the RECORD. It is not to be expected, of course, that anyone could attempt to reply to all of that in the short space of time allotted me, but I may say that when you take out of that statement tables of figures and newspaper editorials there is not a great deal left. In this speech the gentleman from North Carolina makes three points, on which I shall touch briefly. The first is his statement that—

Under the provision of the statute no agreement can be entered into until after due public notice shall have been given and all interested persons have had an opportunity to be heard and to present their views.

I want you good Republican Members, and especially those of you who are new Members, to know that this is not a true statement when we consider the methods employed in making these trade agreements. I mean by this that you cannot safely go away from here, hang your hat on this peg, and say and believe that these agreements are entered into after all persons who are interested have had an opportunity to be heard.

That is one of the most unfortunate things in connection with these trade agreements; they are not entered into with the honesty of purpose and with the candor that should accompany the execution of important undertakings of this kind. So let not your minds be deceived that these things are what they say they are. These trade agreements are fearfully and wonderfully made. Ostensibly they are supposed to be made in a fair and open manner, but actually the performance is a joke and little short of a fake.

Another proposition advanced by our distinguished chairman is his statement that the minority report—and he said this with a great deal of fervor and some evangelism—"Oh, the minority report says that notwithstanding they give hearings to all interested parties, hearings should be granted after the agreements are negotiated." He then proceeded to say that that would be an asinine policy, and that it would be ridiculous. I want to agree with the statement made in the minority report that there ought to be some hearings after an important trade agreement has been entered into. In proof of my position, I wish only to say that of all the nations with which we have trade agreements all but three require that their agreements be ratified by their respective governments. Only three small nations—Belgium, Cuba, and Ecuador—can conclude agreements without reference to their governments. Yet when we Republicans timidly suggest that it would probably be better if we had an opportunity to review these trade agreements before they are finally entered into, our action is considered as "asinine."

Mr. Chairman, I want it understood that there is something in connection with these trade agreements that really is asinine, and I throw it over to the chairman of the Committee on Ways and Means and the Members on that side of the aisle. It was brought out before our committee, and I hung my head in shame when I learned that in this great America of ours the men who really negotiate these agreements are required to be kept anonymous.

Their names are kept secret so that we do not know who they are. They are to be kept in a sort of a saintly atmosphere. Mr. Chairman, whenever the time comes that any branch of government in these United States of America must hide the identity of those who make our contracts with foreign nations, then that is the time to apply the word "asininity" to somebody. [Applause.] If those selected to do this work are not strong enough to stand the pressure, then we should get others who are strong enough. It is cowardly for any branch of our great Government to have to hide itself away from the people whom it is supposed to represent. So when a producer or interested party presents his case to the Federal Trade officials he does not see the persons who really make the contracts.

Let me go now to the next proposition. The gentleman stated:

> Secretary Hull definitely and plainly states that, through the escape clause, if any mistakes are made, the injured party may have a hearing to show wherein he is injured. Through this escape clause any injurious effect of the trade agreements is remedied.

That was an unfortunate statement by the chairman of our great Committee on Ways and Means, when he knew that there has never been a single instance where the United States of America had taken advantage of these escape clauses. But who has taken advantage of them? The British Empire took advantage of one and has slipped out from under practically the whole agreement. It is not now bound as the original contract intended. Why? Because it has an escape clause that enables it to escape in case of war. It says to the British Empire, "When war intervenes you are out." But the United States of America is in. We stand bound but they go free. That is the kind of escape we have. We escape nothing that is to our disadvantage, and they escape everything that is to their disadvantage. How does France escape? France depreciated her currency 66⅔ percent. She takes advantage of her escape clause to our disadvantage, and we remain bound. When the chairman hands out to the public the statement that there is an escape clause in these contracts, he must appreciate that that is a fallacious argument. I repeat, that from every direction the United States finds itself outwitted.

Mr. BUCK. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from California.

Mr. BUCK. Did I understand the gentleman to say that there were only three foreign countries that have ratified these agreements through their legislature?

Mr. JENKINS of Ohio. That is my understanding, and it is in the testimony.

Mr. BUCK. They ratified the agreements, though, did they not?

Mr. JENKINS of Ohio. They ratified the agreements just like we did, without having to go back to their congress; but all the rest of the countries must go to their congress, parliament, or an executive official who has authority to act.

Mr. BUCK. I understand that, and it is better than our own experience in connection with agreements that we have proposed to the Senate, is it not, with reference to either the McKinley tariff or any other tariff?

Mr. JENKINS of Ohio. I am willing to take issue with the gentleman on that. The gentleman apparently is suggesting that because our United States Senate has been reluctant to ratify trade treaties that we should withdraw from them this privilege because of what three small countries do. I am not willing here or in any other place to admit that our great United States Senate should be found at fault when its work is contrasted with the work of a trade committee from Belgium or Cuba or Ecuador.

Mr. BUCK. The gentleman knows I am not trying to find fault with the Senate of the United States. There were only three reciprocity treaties ever ratified by the Senate in our history, one in 1875, one with Cuba in 1902, and with Canada in 1854.

Mr. JENKINS of Ohio. I am willing to stand on ratification by the Senate of the United States, our own Senate. Some of the Members of the Senate were Democrats at the time ratifications were rejected. Does the gentleman take the position as the Representative of a great district of a great State, that because our Senate has not done what these other countries have done it should be castigated and we are to hang our head in shame? I rise up in defense of the dignity and honor of the Senate of the United States. I stand for it and what it has done I stand for, whether it be a Republican Senate or a Democratic Senate, especially as contrasted with any other country. I think this is an unfortunate position for the distinguished gentleman from California.

Mr. BUCK. It is not an unfortunate position as far as I am concerned, because as long as I am a Member of this body I am not going to vote to yield the privileges of the House of Representatives and put them in the hands of the other body.

Mr. JENKINS of Ohio. Then will the gentleman join with me when I offer an amendment to have these trade agreements ratified by the House and Senate?

Mr. BUCK. The gentleman will look at the amendment.

Mr. JENKINS of Ohio. He will look at the amendment. That is all he promises. Mr. Chairman, that is a sample of the arguments for this measure. Here is a distinguished member of the Ways and Means Committee who is not willing to let his own fellow colleagues pass on these propositions. He says we cannot do it, but it is right for England and France and other countries to go back to their congresses, but our negotiators should not come back to our Congress. All the great nations such as England and France must go back to their governments for approval; then why should not we require the same course?

Mr. BUCK. If the gentleman from Ohio is honest—and I know he is because he is one of the most able members of our committee—he must admit that the whole purpose of our consideration of this resolution to extend the authority further is to determine whether the House of Representatives wants to act now.

Mr. JENKINS of Ohio. No; that is not what we have been talking about.

Mr. BUCK. Certainly it is.

Mr. JENKINS of Ohio. No. What the gentleman started to get into was to show his opposition to what they call logrolling in the Senate. Open, honest public logrolling is to be preferred over clandestine, secret negotiations. Now, let us proceed to something else.

Mr. Chairman, let me take up for a minute the very able and well-prepared address of my colleague the gentleman from Tennessee [Mr. COOPER], a member of the Ways and Means Committee. The gentleman from Tennessee [Mr. COOPER] assumed to discuss the constitutionality or the unconstitutionality of this act and I want to compliment him

and say that he did very well considering what he had to work with. He discussed the same arguments that have been discussed in this debate. But I want to make one or two observations with reference to the constitutionality of this act. He stated that he was going to direct his discussion to two propositions. One was whether there had been a delegation of legislative power by the Congress to the President, and another was whether the failure to provide that these agreements should be ratified by the Senate would render the act unconstitutional.

He must and we all must admit, that the trade agreements go further in the granting of legislative power to the President than any other trade agreement ever proposed in the history of the Republic. For proof of this we need go no further than to refer to the arguments of the very distinguished and very able gentleman from Oklahoma [Mr. DISNEY] on this floor this afternoon. He portrayed convincingly how the Federal trade agreements crowd down at the Secretary of State's office had reached out and included excise taxes on oil in the agreement with Venezuela. This they did in spite of the fact that nothing like that had ever been done before, and in spite of the fact that when the Federal trade-agreement law was up for consideration in the Senate the first time it was expressly brought out that excise taxes should not be included within the purview of the law. According to the claim of the gentlemen from Oklahoma this Federal agreement crew had no right to include excise taxes, and I agree with him. This crowd will take under their control anything that they can without regard to the rights of individuals or to the Constitution. If these agreements exceed all former agreements in the scope of their activities then we can reasonably presume that they might exceed their constitutional authority. They go much further in this direction than any former agreements and no court has considered their constitutionality yet.

I repeat, no court in the United States has ever passed on these trade agreements. Why? That is the question that the majority Members must answer. This is a most blatant affront to American people. Why has no court in this country passed on these trade agreements? Mark well the facts. It is because those who are responsible for this legislation took out of the law the section which gave to an aggrieved citizen recourse to the courts to secure his rights. Why do I say that? This is one point that has not been brought out yet in these debates. Do you know that this to me is the most asinine step in the whole procedure? When we had the trade-agreements bill under consideration in the Ways and Means Committee and in the House 6 years ago nothing was said about taking from the people the right to seek redress in the courts if they felt aggrieved or deprived of their rights by the trade-agreements crowd. Up to that time an aggrieved importer or an aggrieved producer could find his way into court, and they found their way into court by the hundreds. This New Deal crowd can never explain this terrible invasion of the rights of the people. Those who have watched this wrecking crew work can easily understand it.

Nothing was said about this change over in the Senate while the bill was under consideration by the Senate committee. But after the bill had been written up, and after the bill had been brought up on the floor, one individual Senator rose under the guise and I would say the pretense of offering a perfecting amendment and moved to take out section 516 (b) of the tariff law. That section went out. Nobody caught the significance of it. It was presented by Senator HARRISON at the suggestion of the State Department.

This that was thought to be an insignificant, harmless amendment took out of the bill the right of the American people to protest excessive rates of duty or discriminating rates of duty and from that day to this not a single importer or producer or anybody else who has been aggrieved has ever been able to get into court. They have tyranically throttled any and all efforts to test the law and its constitutionality.

Talk about asininity, that is almost criminal. It is so un-American as to be almost criminal to deny the people of the country the right to get into court. Then let no one stand before me and say that this law is constitutional and that the Supreme Court has so decided. No court has ever had an opportunity to pass on the constitutionality of this act. The act so far exceeds any other act in its delegation of legislative powers to the President that none of the cases heretofore decided can possibly be in point. In all other similar enactments no discretion was granted to the Executive. The Congress laid down a definite yardstick by which the President's powers were measured. He was given strict instructions and his powers were definitely set out. In this law the President has full power to make these agreements and he is responsible to nobody. I wish to read to you from the hearings before the Committee on Ways and Means. This will explain to you fully what the courts have held on these former trade agreements.

PREVIOUS RECIPROCITY TARIFFS GIVE PRESIDENT ONLY ADMINISTRATIVE, NOT LEGISLATIVE POWER

M'KINLEY TARIFF ACT OF 1890

Under the Tariff Act of 1890 certain articles (coffee, tea, hides, sugar, and molasses) were placed on the free list with a provision that if any country producing and exporting any such articles to the United States imposed unequal or unreasonable duties on the products of this country, the President might suspend the free entry of such articles and impose thereon certain specified rates of duty.

In upholding this delegation of power to the President, the Supreme Court held that his act of determining the question of discrimination against United States products and of imposing the penalty duties fixed by Congress was an administrative and not a legislative function, and hence that there was no unconstitutional delegation of the taxing power. This must clearly follow, since Congress definitely fixed the contingency upon which the free entry of the articles should be suspended, and the President merely determined as a question of fact that this contingency had occurred. He then proclaimed the rates of duty previously fixed by Congress.

DINGLEY TARIFF ACT OF 1897

The Tariff Act of 1897 gave the President the power (1) to lower the duties on certain products to a stated amount in return for reciprocal concessions by foreign countries in favor of domestic products; (2) to impose fixed penalty duties upon certain other named articles when the countries from which they were exported discriminated against domestic products; and (3) to conclude reciprocity treaties with foreign countries by granting reductions in duty of not more than 20 percent in return for equivalent concessions from such countries, such treaties to be approved by Congress.

The power granted to the President of imposing fixed-penalty duties in certain cases and of granting fixed concessions in others is exactly analogous to that given to him under the Tariff Act of 1890, which was upheld by the Supreme Court as a delegation of administrative and not legislative power.

So far as the general power to conclude reciprocity treaties is concerned, attention is called to the fact that by the terms of the act of 1897 any treaty negotiated must have been approved by Congress before becoming effective. Thus Congress gave up no legislative power over tariff duties.

PAYNE TARIFF ACT OF 1909

The Tariff Act of 1909 set up a maximum schedule of rates of general application, but gave the President the power to put into effect a fixed-minimum schedule with respect to all countries which did not discriminate against domestic goods. Thus, this act gave the President nothing more than an administrative power.

In both the maximum and minimum schedules the rates were fixed by Congress, the President's power being limited to applying the minimum duties to the goods of any country which he found did not discriminate against the products of this country.

UNDERWOOD TARIFF ACT OF 1913

The Tariff Act of 1913 authorized the President to negotiate reciprocity treaties with foreign countries, but provided that any such treaty must be submitted to Congress for ratification or rejection. Thus the negotiation of a treaty by the President under this power had no effect in and of itself. Congress retained in full its constitutional powers relating to tariff rates.

COLLIER BILL (H. R. 6662, 72D CONG.)

The bill H. R. 6662, as introduced, contained the following provision relative to reciprocal-tariff agreements:

"That the President be, and he is hereby, authorized and requested, at as early a date as may be convenient, to proceed to negotiate with foreign governments reciprocal-trade agreements under a policy of mutual trade concessions."

When the hearings were being held on the bill, Mr. Crisp, in behalf of the majority members of the Ways and Means Committee, offered a motion to strike out this language, saying that the provision was controversial, and in any event should be left to the Senate, which had jurisdiction of matters relating to treaties.

In the Senate, Senator HARRISON offered a substitute for the whole bill, which, among other things, restored the language of the House bill above referred to, with the following significant addition:

"Such agreements shall not become operative until Congress by law shall have approved them."

The Harrison substitute was adopted by the Senate, and in conference the House agreed to the Senate amendment. The bill was finally passed in that form, but President Hoover vetoed the measure and the House failed to pass it over the veto.

As I have heretofore said no person has been able to invoke the jurisdiction of any competent court to test the constitutionality of this law. In one case—and this is the only case that I know of—the aggrieved party filed a suit in a Federal court and this court declined to hear it on the ground that the court claimed that it had no jurisdiction. The reason was that the framers of this law specifically provided in the law that it could not be attacked in court. Why do you Democrats persist in upholding and defending such unfair legislation, why do you not restore to this law the provision giving the people the right to test this law in the courts; you ought not to be afraid of the Supreme Court when you have it made to order for you now. And again I would call your attention to the fact that this law was passed first in 1934 and when it was claimed that its passage was necessary because of an emergency. It was passed for 3 years. Then in 1937 it came up for renewal. Another emergency was claimed for it and it was extended for 3 years; now it is up again. Why do you ask for another 3-year renewal? If this law has been of so tremendous benefit as you say it has why do you not make it a permanent law? And if it has worked such wonders why has it not been of such great benefit as to remove the emergency which is claimed? My friends, this whole thing savors much of what I call for want of a better name—a fake. I am surprised how you Democrats can stand up and claim that this law is a benefit to the farmers when practically all the farmers in the country are crying out against it day after day. Mr. L. J. Taber, of Ohio, the head of the Grange, the great farm organization, has been very zealous in his denunciation of this measure, and farmers everywhere are complaining, although all your arguments have been directed toward showing that the farmer is benefiting. Who knows better than the farmer himself?

I have only one more proposition to present to you, I am sorry that my time is running short. It is to be regretted that the public has been so thoroughly deceived about the procedure attendant upon the preparation for the enactment of one of these trade agreements, and the procedure attendant upon the making of the agreement. I repeat these agreements are fearfully and wonderfully made. It is a travesty; no semblance of fair or cordial treatment. Interested parties meet a buffer committee but they never see these wise men who for fear of contamination from personal contact with an American citizen are kept in some sort of cloistered seclusion. Do you know of anybody that has been before that committee down there who has a fine word to say for it? If you do, he has never appeared before our Ways and Means Committee. I have never heard of him, but I have heard many men say that they went down there and perfunctorily presented their papers. And to whom? There is not a man on the Democratic side of this House, and I know there is none on the Republican side, who knows who are the real agreement makers, because Mr. Grady himself said, in effect, "We do not dare let it be known who it is that considers these matters and passes on them." I think this is child's play. It is disgraceful for men to perform public duty after such a fashion.

Certainly we ought to go into this question very thoroughly and we ought to amend this measure so that we are not ashamed of it at least, or, better yet, why not defeat it and start new along fair and just lines and with an honest purpose?

Let me say a further word. I am not the official spokesman for labor in this House, but so far as I know, none of these new dealers who frequently beat their breasts in a show of devotion to this great cause of labor have come forward to say a word for labor and its views. Labor is much interested in this matter before us today. Labor will not hold him guiltless who fails to heed its call. This measure, if carried out to its fullest extent, will nullify in effect our exclusion and restrictive immigration laws. Why keep out cheap foreign labor and buy the products of cheap foreign labor? You cannot fool the people. Our country was not made great by cheap labor. It cannot maintain a high standard of living by cheap labor. Several prominent labor leaders came before the Ways and Means Committee. One of them was Matthew Woll, of the American Federation of Labor. Probably no man in America is better posted on tariffs and trade agreements as they apply to the best interests of the working men and women of our country. Mr. Woll presented a very complete brief to our committee. I shall not have time to go into it extensively. Let me read one paragraph to you. This sets out in unequivocal language how the workingmen of the country feel toward this pending legislation.

Do they know at the State Department that trade increased from 1922 to 1929 in the face of the Fordney-McCumber tariff of 1922? Do they know that a depression began in the United States and in other countries nearly a year before the ill-starred Hawley-Smoot tariff was enacted? Do they know that trade revived after 1932 when the average duty on the dutiable items had risen to 57 percent partially because of low world prices? Do they know that imports for several years after 1932 increased more in the dutiable items than in the free-list items? Do they know that after the trade agreements were in effect, or specifically, in 1937, imports increased predominantly in the free-list commodities rather than in the dutiable articles even though the average duty on the dutiable items had dropped to 37.4 percent? Do they know that at the end of 1937 a recession in business set in and that in 1938 our imports, in spite of trade agreements and in spite of an average tariff on dutiable items lower than that of 1929, declined over 30 percent compared with 1937? Do they know that after 1932, when trade began to revive, quotas, high tariffs, exchange controls, and similar measures were not relaxed, but, if anything, made more stringent?

Resolved, That the executive council of the American Federation of Labor expresses its opposition to reciprocal-trade treaties which discriminate against American workers. We are opposed to reciprocal trade treaties' provisions which provide for importation of goods and merchandise which, because of low labor costs abroad, are sold at a lower price than the same goods and merchandise produced by workers in the United States, where wages and conditions of labor are established on a higher standard than those which prevail abroad.

I also hold in my hand a letter prepared by the labor representatives of the pottery industry in my State. That is a great industry, and it heads up in my State of Ohio. The head of this industry came before our committee and told us that the pottery industry was staggering and struggling and trying to maintain itself, but that it was very doubtful whether it could do so. The representatives of the pottery workers also came before us. They have prepared a letter which explains itself. I am proud to read it to you.

[Trades and Labor Council. Affiliated with the Ohio State Federation and the American Federation of Labor. George C. Salsberry, president. James H. Grafton, secretary-treasurer]

EAST LIVERPOOL, OHIO, *February 17, 1940.*

HONORABLE SIR: We appeal for your support against the transfer of job opportunities of American workers to workers in foreign countries. We appeal for your support against the virtual setting aside of the protective advantages of our Asiatic exclusion law, of our restrictive immigration laws, and the fair labor standards law.

History warns us that, at the conclusion of the present European and Asiatic wars, American markets will be flooded with cheaply produced products of the foreign nations, impoverished by war costs, unless the competitive products of American workers are protected by adequate tariff rates.

Our reciprocal-trade treaties, as the enclosed analysis by representative American labor demonstrates, provide that products of the excluded workers of Asia and the quota basis entry of workers of European countries are permitted entry into American markets at total costs which are less than American costs of production. What protection is accorded the jobs and the living standards of American workers through our Asiatic exclusion law, our restrictive immigration laws, our fair labor standards law, if dollar-minded foreign and American distributors can market in America foreign-made competitive products at total costs, which are less than American costs of production?

We are interested solely in protecting the job opportunities and maintaining the standards of living of our American workers now made possible, under normal conditions, for American workers. We ask your help and your legislative support.

Our city is the center of the American pottery industry. Our industry, affiliated with the American Federation of Labor, is organized 95 percent. We have the capacity to produce all the tableware needed for the American market. We have thousands of idle pottery workers seeking work. Yet, for illustration, while our American laws prohibit the entry of Asiatic workers into our country, the products of such workers, according to a survey made and published by the United States Tariff Commission, supply some 40 percent of the tableware yearly sold in the United States. Such a condition naturally transfers the badly needed job opportunities of American workers to the slave wage paid workers of Japan. That which is true of our condition is likewise, no doubt, true in many other industries.

We appeal for your support. We ask that you vote against the continued authorization for our entry into reciprocal-trade treaties unless such legislation provides that no foreign-made products competitive with products of American workers, which American-made products are commercially available, be admitted to American markets at total costs which are less than American costs of production or American wholesale selling prices of competitive American products and unless such legislation provides that such trade treaties are ratified by the United States Senate.

Trusting that we may have your support in protecting the job opportunities of American workers and your support in making effective our Asiatic exclusion law, our restrictive immigration laws, and our fair labor standards law by restricting the authorization to continue reciprocal-trade treaties as above outlined, we are,

Sincerely yours,

GEORGE C. SALSBERRY, *President*.
JAMES H. GRAFTON, *Secretary*.

In the minute I have left let me stress this proposition. We have talked a lot about the farmer. My State is a great agricultural State. It ranks about fifth as an agricultural State, and I am from the farm. But who has said a word in this debate about the industrialist? Those on the Democratic side of the aisle talk about free trade. They want reduced tariffs on all products except those produced in their own districts. What kind of a country would we have now if we had had free trade all these years? We would have been a small agricultural country. We probably would not have been much more advanced than is Mexico. That is about as far along as we would have gotten. God gave us the land and the fertility thereof. It is ours by gift. We can claim no credit for that. But what built up this industrial empire of ours? What built us into the greatest industrial nation in the world? What built us into the greatest financial nation in all the world? It was the indomitable courage and spirit of our people. It was the working out of free enterprise. It was a philosophy of government which protected and encouraged industry and which philosophy was and is a part and parcel of the Republican Party.

Free trade never built this Nation. It was the sound policy of protection for industry that built it. If it had not been for that, we would all be raising cotton and owning slaves yet, I suspect. Genius for enterprise and for building up manufacturing industries plus our great natural resources has been responsible for our wealth and power. Agriculture did not build industry, but industry, when prosperous, brings prosperity to agriculture. We need them both. When both are prosperous our people are happy.

I am one of those who believes that we stress too much the importance of our foreign trade. On the contrary, I would advocate spending more effort in building up our domestic trade. You cannot have a healthy foreign trade until you have a healthy trade at home. Let us build up our home trade, build up the 92 percent of business we do with ourselves in this country, and the foreign trade will increase. We should always be mindful that the foreign trade should be so restricted that any importation that comes into this country under these agreements shall not come in competition with or displace our labor and our own production. Ours is a great America. Let us keep it great. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, the gentleman from Ohio [Mr. JENKINS] was unable to yield time to me to ask a question of him, and in view of the fact that this is pertinent to his speech I would like to have 1 minute to discuss a matter.

Mr. REED of New York. It will be taken out of your own time.

Mr. DOUGHTON. Certainly it is out of our own time. I have yielded 1 minute to the gentleman from California.

Mr. BUCK. Mr. Chairman, again I invite the attention of the gentleman from Ohio [Mr. JENKINS] to the fact that he should realize that sections 514 and 515 of the Tariff Act give full protection to any person who has suffered injury in his legal rights. Section 516 (b), which the gentleman spoke about, on the other hand, was based on the novel theory of having domestic producers intervene in any suit between the Government and the importer.

I am not going to continue the discussion further; I merely ask leave at this point to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BUCK. In the first place, it can be said without qualification that there have always been, and there are now, well-recognized remedies in our courts for any person who has suffered injury to his legal rights. Sections 514 and 515 of the tariff act give full protection to any importer against illegal charges. Section 516 (b) on the other hand was based on the novel theory of giving domestic producers the privilege of stepping into a matter between the Government and the importer, where no legal rights of the domestic producer were involved. Section 516 (b) is emphatically not a fundamental right which has been taken away by the Trade Agreements Act. It is in fact nothing more than a very special privilege which was first created in 1922 in connection with a good many other very special privileges which were being handed out in those days. This provision was revised and reenacted under like circumstances in the Smoot-Hawley Act of 1930. The entire Nation has paid heavily for the excesses which were written into the Tariff Acts of 1922 and 1930. Those very excesses made the Trade Agreements Act necessary.

If any Member questions the characterization of section 516 (b) as being a special privilege rather than a right, let me point out to him that the United States Customs Court in *Reed and Barton* v. *United States* (63 Treas. Dec. 941) stated:

Section 516 (b) is a grant of an extraordinary privilege.

Not only is it an "extraordinary privilege," but, in fact, it was a radical departure from the procedure and precedents which had been established by the courts and Congress for well over a century. Furthermore, there should be no confusion about this "extraordinary privilege" being needed to protect anyone's legal rights. As I said previously, if any citizen's legal rights are infringed by any trade agreement, there are well-recognized procedures for securing redress in the courts. However, the privilege given by section 516 (b) to interfere in matters between the Government and an importer as to what customs duties the importer should pay is not related to any legal rights of the domestic producer. As the Supreme Court has stated in *Norwegian Nitrogen Co.* v. *United States* (288 U. S. 294):

No one has a legal right to the maintenance of an existing rate of duty.

So much for the nature of so-called rights provided in section 516 (b).

In the second place, a word might appropriately be said as to why section 516 (b) was not and should not be made applicable to trade-agreement matters. Anyone who knows anything about customs matters is familiar with the fact that section 516 (b) has been a source of great embarrassment to American businessmen. Under the law as it stood in 1934 the filing of a single protest under section 516 (b) might result in tying up the entry of thousands of items at all ports of entry throughout the United States, even though the collector and Secretary of the Treasury decided that the protest was groundless. Treasury officials testified in 1938 that the liquidation of entries was thus held up for periods of 6 months to 3½ years. Moreover, these officials testified that in every 516 (b) case arising under the 1930 act up to October 1936 on which a court decision was finally reached, the domestic producer's protest was disallowed by the courts. The record is not materially different since 1936. This record would seem to be rather conclusive evidence that even the "extraordinary privilege" of 516 (b) is not necessary to the full protection of the legitimate interests of the domestic producers. Every citizen has an interest in the enforcement of our laws and can look to the appropriate branches of our Government to see that the law is fairly enforced. This is the only true interest which the domestic producer has, along with all other citizens in the tariff laws; the record shows that this interest has been and will be protected by the law-enforcement officers of our Government.

The fact is that section 516 (b) was made inapplicable to trade-agreement items solely because of its fundamental incompatibility with the broad purposes of the Trade Agreements Act which were to free international trade from the excessive and unnecessary obstructions which were blocking a mutually profitable exchange of goods. The same fundamental incompatibility exists today and I can see no necessity nor any justification for now extending that provision and its "special privilege" to trade-agreement matters. In this connection it is well to remember that this question is solely one of whether or not an "extraordinary privilege" should be granted by Congress and that no question of constitutional or legal rights is involved.

Finally, it may be well to say that there has been a great deal of misapprehension with respect to the so-called right to test the constitutionality of this act or any other act of Congress in our courts. Every lawyer knows that there is no general right in our system of government to raise constitutional questions in our courts. Such questions can only be raised in our courts by persons who can assert that their legal rights have been invaded by an act of Congress. As I stated at the outset, if any citizen's legal rights are injured by this act, there is a clear and well-established remedy available to him in the courts to raise any legal question. On the other hand, if a claimant has no specific legal rights in these matters, as the court decisions seem clearly to indicate, then he is in exactly the same position as all other citizens in not having any standing to raise constitutional questions in court. This is a fundamental tenet of our system of government and it has been reaffirmed many, many times by the Supreme Court. Congress, if it deemed it wise, could grant the domestic producer or anyone else the privilege of protesting against the administration of the customs law, but Congress cannot confer upon the domestic producer or anyone else legal rights, which he does not otherwise possess, in order to permit him to test theoretical constitutional questions in our courts. On this proposition I can refer Members to the leading Supreme Court case of *Muskrat* v. *United States* (219 U. S. 34).

There is no merit in the contention that section 516 (b) would preserve legal rights of American producers.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield to me to answer that?

Mr. BUCK. I did not ask the gentleman any question.

Mr. REED of New York. Mr. Chairman, I yield one-half minute to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I simply want to say that the gentleman from California is in error. Section 516 (b) and the short debate had over in the Senate will prove it. The purpose of section 516 (b) was to open the courts to aggrieved producers and importers alike, and this section was omitted from the Trade Agreements Act purposely to shut out every possible complaint. This was a plan of the State Department to prevent American citizens from having their day in court.

Mr. BUCK. In the extension of my remarks I will reply to the gentleman from Ohio and I will cite the legal decisions which clearly disprove his point.

Mr. DOUGHTON. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, just as a further indication of the inaccuracies in the remarks made by the gentleman from Ohio [Mr. JENKINS], I want to call one of his witnesses to speak to him on the point that he made with respect to the procedure followed in the negotiation of the trade-agreements program.

We all remember Mr. Grundy's American Tariff League. I call the head of the American Tariff League to speak on this point. They stand today as one of the strongest opponents of the reciprocal-trade program. Let me read from the address of the president of the American Tariff League, Mr. William L. Monro, at the annual meeting in 1938:

> I will also stress the fact that in carrying out the trade-agreement policy by Mr. Hull great credit should be given to the fact that there has been no suspicion of political influence regarding a reduction in duties on any article placed on the reciprocal-trading list. I believe that everybody who has had occasion to contact the staff that makes up the schedules must admit that, regardless of whether we approve of the policy or not, the agreements are prepared solely from the viewpoint of endeavoring to increase foreign trade with the least injury to domestic industries.

This is the head of the American Tariff League speaking on the point, and I call him as a witness against the gentleman from Ohio [Mr. JENKINS].

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield myself 30 seconds to say that the statement just referred to was made in a speech that was delivered before the activities with respect to doing away with the Argentine agreement.

Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I thank my colleague the gentleman from New York [Mr. CROWTHER] for yielding the time to me. He is in charge of this bill for the minority in place of the gentleman from Massachusetts [Mr. TREADWAY], temporarily ill, and I regret to state that the gentleman from New York [Mr. CROWTHER] will not be returning to the House of Representatives next year. He has decided not to be a candidate for reelection. The gentleman from New York [Mr. CROWTHER] has served with distinction in this House for 20 years. No Member of the House on either side has more knowledge of the tariff issue than he. He knows the entire history of the tariff legislation. He is the greatest student certainly on our side, and maybe in the entire House, of the complicated tariff problems. He has always been a champion of the American protective principle and the maintenance of American standard of wages and of living. When his health was good, he was the ablest speaker in the House upon tariff issues, and those who are now in the House who want to go back and get information from the old tariff debates should read Mr. CROWTHER's speeches. I take this occasion to pay a brief tribute to one of our colleagues, one of our ablest, most honorable, and best beloved colleagues, who has decided not to return to this House, the Honorable FRANK CROWTHER, of the State of New York. [Applause.]

Mr. Chairman, no one dislikes to criticize the actions of the House of Representatives more than I do. I do not mean criticize along party or partisan lines. I welcome that. I think that is the duty of the minority, but I dislike to criticize the actions of the entire House of Representatives. I think it is a sad and sorry spectacle that we should be discussing this great tariff proposal, the most important single bill, possibly, with the exception of the repeal of the arms embargo, that has come before the House, with only 12 hours' debate. This means that many Members are limited to 5 minutes' consideration of this important issue, which involves the control of industry, of agriculture, of business, and great constitutional questions.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. For a brief question.

Mr. DOUGHTON. I hope the gentleman will place joint responsibility for the limitation of time on his own side. This is done by mutual agreement.

Mr. FISH. I am not blaming any one particular person. I do not know the facts. I say it is a sad spectacle. We ought to have at least 10 hours on each side as a minimum.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. FISH. If the gentleman will get me some time, I will yield to him.

Mr. COOPER. I call the gentleman's attention to the fact that we are considering this under unanimous consent.

Mr. FISH. I did not seek to lay the blame on either side. I am blaming the entire House. This bill, after a few days' general debate, will go over to the other body after a few hours of debate under the 5-minute rule on Friday, and in the Senate it will be discussed for 30 days or more and debated from all angles. I say to you as one who loves this House, who believes in its traditions, who believes it ought to uphold and maintain its prerogatives, its constitutional power, and its prestige, that I hate to see all of it scrapped in order to push through complicated and unconstitutional

legislation. I love this House as much as any Member. My grandfather of the same name and my father before me served in the House of Representatives. Abraham Lincoln said, "To sin by silence when we should protest makes cowards of us all."

I do not propose to remain silent and see the power and prestige of this House practically thrown out of the window and have legislation of this importance passed which involves a practical betrayal of representative and constitutional government and the literal destruction of our constitutional power to legislate. Article I, section 7, reads, "All bills for raising revenue shall originate in the House," not in the Senate, but specifically in the House of Representatives. I do not believe anyone questions the fact that a tariff bill is raising revenue. It is the duty of the House also to lay and collect taxes along with the Senate. We have heard speech after speech delivered here, and just now by my friend the gentleman from Ohio [Mr. JENKINS], that the Senate should retain the power to ratify treaties. What about the constitutional prerogatives, rights, and powers of the House of Representatives to legislate, to lay and collect taxes, to originate revenue legislation? Are they to be forgotten and ignored? We have a much greater stake and constitutional right of approval than the Senate.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. I cannot yield. I cannot even begin to make an argument upon the constitutional phase of the trade agreements in the time that I have. In my humble opinion, this is an absolute betrayal of the powers delegated to the House of Representatives—the power to legislate, the power to initiate revenue legislation, and the power to lay and collect taxes. We turn those powers over to the Executive, or to some subordinates in the State Department to legislate for us, to originate revenue legislation, and to lay and collect taxes. If that is not the worst delegation of power in our history, I would like to know what it is.

If that does not destroy the very essence of representative and constitutional government, I would like to know what it is; and if that does not drain the very lifeblood of the House of Representatives, its actual power to legislate, I would like to know what it is. We turn over these constitutional powers delegated to us by the people by our own votes in defiance of the Constitution. We surrender, we abdicate the greatest powers of the House, and there is practically no debate on it. Somebody says, "Oh, let the Senate protect its own rights." I agree to that. I am not concerned with the question of whether the Senate has the right to ratify these treaties or not. I am vitally concerned, as long as I am a Member of this House, to maintain the constitutional rights and powers of the House and to restore representative government in the United States of America by reserving these powers for ourselves and not to abdicate our legislative functions. [Applause.]

The only way I know to begin is to begin and to take back our constitutional powers under this bill. I hope my friend from Ohio [Mr. JENKINS] will introduce an amendment so we will have a clear-cut issue and the House will be given an opportunity to approve these trade agreements, and not put it up to the Senate alone as a treaty right, but bring it back to the House so we can, as a part of the Congress, reassert our rights to legislate as a separate and independent branch of this Government.

I am going to read a statement that some Members may not like, but I believe it is true, and it affects every Member of this House, whether Republican or Democrat. This is what Senator Henry Cabot Lodge had to say in writing about the history of our Government:

> The House of Representatives was intended by the framers of the Constitution to be the body which should initiate great policies and exercise the greatest influence in legislation. By its own mistakes it has allowed its great powers to slip through its fingers and pass into the keeping of the Senate.

And, may I add, into the keeping of the Executive. We have permitted our powers to be deliberately usurped by both the Senate and the Executive, and there is hardly a word mentioned in this debate in what should be the greatest deliberative body in this world about the usurpation of our powers. I say the time has come to take back our constitutional powers and to act as a representative and legislative body. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield to the gentleman from Illinois [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Illinois. Mr. Chairman, I am thoroughly convinced the Reciprocal Trade Agreements Act has done a great deal of harm to the farmers in my district, one of the finest farming sections in Illinois and the entire Midwest.

Our principal source of created wealth comes from the soil. We have industries, too, large agricultural implement manufacturing plants, the implement center of the United States, and the workers in these factories are dependent upon agricultural prosperity for their livelihood.

Our farms are family sized farms. We have to sell our produce on the open market and irrespective of price.

Mercer County in my district is generally admitted to be the premier county of the entire United States as the home of the Aberdeen-Angus breed of cattle. Thousands of head of these fine beef cattle are bred and fattened for market there every year. They are quality animals—the kind that give you those fine juicy steaks. So we are particularly interested in cattle imports.

During the crop years 1937–38 and 1938–39 a total of 1,118,000 head of live cattle were imported into this country. They mostly came from Canada and Mexico. Our exports for the same period of cattle on the hoof totaled 7,000 head. I cannot see any reciprocity there for our farmers.

We milk a lot of cows in my district, too. We would milk many more if the price were favorable. It is not favorable because foreigners imported 3,538,000 pounds of butter into this country the past 2 years, while our Surplus Commodity Corporation bought surplus butter to give to our people on relief to stabilize butter prices. At the same time they sold 110,167,000 pounds of their cheese here. Their dairy product sales to us amounted to $24,931,000. If our farmers had got that, they would not be so bad off financially as they are now.

Back in the early days of this administration 2,000,000 head of cattle were slaughtered in a futile attempt to bring prosperity to the cattlemen. Yet, during the past 2 years 174,458,000 pounds of beef and veal came into this country from foreign sources. During the same 24 months we absorbed 115,820,000 pounds of foreign fresh and processed pork. Remember when they killed off 5,000,000 young pigs and 2,000,000 sows to make the price go up?

Now just why anyone thinks that corn is a good item for trade reciprocity, I do not know. I do know that corn and corn meal in the amount of 34,854,000 bushels—the corn meal is figured on the grain basis—was imported into this country during these last 2 years, and farmers out in the Corn Belt have millions of bushels they cannot sell for what it cost them to raise it.

CORN SUBSTITUTES

In the heart of the Corn Belt of the United States at Peoria, Ill., is an alcohol plant that formerly consumed 35,000 bushels of corn daily. Today this plant uses no corn but substitutes with blackstrap molasses from Cuba, duty-free.

The last 2 fiscal years we imported 413,328,000 gallons of this substitute for corn. There are 10 pounds of molasses to the gallon. Every Corn Belt feeder knows that molasses is equal pound for pound with corn in feeding value. The imports of molasses the last 2 years replaced about 80,000,000 bushels of American corn.

MORE CORN SUBSTITUTES

Starch, a corn product, is rapidly being replaced through these agreements with foreign starches. Oriental starch importations last December were the largest monthly total of all time.

Remember that the Federal Government is spending over a million dollars at Peoria, Ill., on a new laboratory to find new industrial uses for corn.

Let us look at eggs. You find eggs on most any farm worthy of the name. Eggs have been so cheap out in my

country the past 2 or 3 years it did not hardly pay to gather them. Well, 551,000 dozen eggs in the shell were unloaded here in 1938 and 1939. That's not all. We laid out $1,915,000 for 7,144,000 pounds of eggs, egg yolks, frozen eggs, dried eggs, and canned eggs in the same 2 years.

We used to sell anywhere from 101,000,000 to 340,000,000 bushels of wheat per annum. We stayed between these two levels from 1912 to 1931. We have sold some wheat the last 2 years. The Department of Agriculture shows the total at 222,978,000 bushels. Most of it was sold under a 26- or 27-cent subsidy. In other words we had to pay foreigners to use our wheat. Did you know that while it was costing the taxpayers about 27 cents per bushel for every bushel of wheat that we sold abroad with the world market at Liverpool around 30 cents, we were actually importing wheat? Yes, sir; 13,184,000 bushels of it. They tell me this imported wheat was macaroni wheat, but I understand we can raise that kind here too.

JAPANESE POTTERY

In my district are some very fine well-equipped potteries manufacturing all sorts of plain and decorated wares. Recently in a restaurant in the city of Monmouth, Ill., I noticed the proprietor unpacking some individual teapots and upon picking up one I noticed "Made in Japan." The restaurant proprietor informed me he purchased these teapots at a local store for 4 cents less than the local pottery could sell them to him and the local pottery had almost the identical pot in stock. Upon investigation, I found Japanese pottery ware in stock in many of our retail stores and at a lower price than our own product.

LABOR STANDARDS

Our American pottery workers are paid on the American standard-of-living basis and not the 4 cents an hour paid to coolie labor.

I certainly protest such unfair competition with American labor. We cannot and will not lower the living standards of American labor to compete with the coolie and peon substandard of living.

I am going to vote against extending these trade treaties another 3 years, unless they are subject to congressional ratification. I am not doing this because I disbelieve in true trade reciprocity. The kind of trade reciprocity I favor is the kind that makes deals on noncompetitive articles. I refuse to be a party to anything which in my considered opinion is detrimental to our farmers and our workers. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield to the gentleman from Ohio [Mr. LEWIS] 5 minutes.

Mr. LEWIS of Ohio. Mr. Chairman, I rise to protest against this resolution which would extend for another period of 3 years the so-called Trade Agreements Act of 1934. I do this primarily in the interest of tens of thousands of laboring people of my district employed in the potteries, the coal mines, the glass factories, the steel works, the railroads, and for the tens of thousands of others who are employed on the farms. And because working people everywhere throughout the United States in these industries and others are similarly affected I speak for them.

I protest against the continuance of a policy which trades off the jobs of American working people in certain industries and of the farmers on our farms for speculative benefits to certain favored industries, for that is exactly what the Trade Agreements Act of 1934 has done and will continue to do if its life is extended.

It is claimed that this act provides for reciprocity between the United States and the nations with which trade agreements are negotiated. Actually and in practice there is nothing reciprocal about it. True reciprocity in foreign trade I, and practically every one of my political faith in this House, sincerely favor, and if given the opportunity shall earnestly support. The true reciprocity which we seek, however, is not the so-called reciprocity of the Reciprocal Trade Agreements Act. True reciprocity is a constructive and not a destructive agency. Its application will create jobs, not destroy them. Its operation contemplates an arrangement whereby articles which we produce in excess of our needs may find markets in foreign lands in return for importation of articles which we need and do not produce or produce in insufficient quantities. The effect of such an exchange of articles between nations cannot help but be beneficial to both. I take it that the markets of every country in the world are primarily its own possession, to be guarded in the interests of its own citizens as any other national asset, and I cannot understand the policy which bargains away the markets and the jobs of people in certain industries or occupations in order to confer a fancied benefit on certain other people in certain other industries or occupations, and yet that is exactly what the 22 reciprocal-trade agreements entered into by this Nation under authority of the so-called Reciprocal Trade Agreements Act have done to our laboring people in certain industries and to our farmers.

Whether our friends who favor the so-called reciprocal trade agreements policy like to admit it or not, America is a high-wage country—the highest in the world. We boast of this fact, and to it we have been accustomed to attribute the high standard of life which we call the American standard and to which we attribute the fact that in normal times the humblest of our citizens can by industry enjoy not only the necessities but many of the luxuries of life. This high standard has been possible in this country because through the years, from 1792 down to the present time, with varying consistency, we have protected American markets for the products of American labor against the importations of foreign products produced by pauper or peon labor abroad, but now under the Reciprocal Trade Agreements Act for 6 long years we have been bargaining away this priceless market for some of our products in order to secure advantages abroad for certain of our other products. The results of this policy with respect to the industry whose markets are bargained away and the people who labor in those industries in this country and who have a right to expect their markets to be protected for them to the same extent and by the same means as we would protect any other possession of the Nation has been tragic in the extreme. This situation, as I have indicated, arises out of the fact that the wages we pay in this country to our people who labor are incomparably higher than those paid for similar labor in any other country of the world. As a result, where protection is withdrawn or decreased, as it has been in every one of the Reciprocal Trade Agreements Acts, for the protection of some industry or industries the cheaper foreign product has invaded our markets and, as a result, our factories have closed down, our working people have been put on part time or thrown out of jobs completely, and millions of our citizens and whole sections of our country have been brought to the verge of direst poverty. I know what I am talking about, because I have seen the misery and disaster brought to our people who labor in our glass factories, in our potteries, in our steel works, in our coal mines, and on our farms, to mention a few of those who have been affected.

THE GLASS INDUSTRY

But how does the difference in the wage level, for instance, paid in our glass plants as compared with those paid abroad, produce such tragic consequences? In order to understand it, we have to realize that more than 60 percent of the total cost of production of hand-made glassware is labor cost and that the labor engaged in the manufacture of foreign glassware is paid on an average not more than 16 cents per hour. In some countries it is paid not half that much, while in America the wage scale in this industry, on an average, is 66 cents per hour, and some of it is paid a much higher price. Because of this difference in labor cost any slight reduction in the tariff in this country on hand-made glassware becomes a very serious matter indeed, and when a 10-percent reduction was made in the Czechoslovak trade agreement, that one act alone threw hundreds of glass workers out of their jobs and put hundreds more on reduced hours, and those American factories that continued to operate at all operated at a loss.

All of these facts concerning labor cost of production in the glass industry were made known to the Committee on Reciprocity Information prior to the making of the Czechoslovak agreement, and yet with those facts before them the

negotiators of that agreement reduced our protective duty from 60 percent down to 50 percent, with the disastrous results to the American glass workers I have just related.

In the fall of 1938 I visited the plant of the Imperial Glass Plant in the city of Bellaire, Ohio. It happened to be pay day, and the men with whom I talked were the most disheartened group I have ever heard, and with good cause. They showed me their pay envelopes, which contained their pay for the past 2 weeks. One envelope contained $5.24, 2 weeks' pay, and they ranged from that to a little over $13, which was the highest that I saw. These men were skilled workmen who had devoted their lives to the glass-making trade. Their daily wage was in accordance with the skilled character of their work and the customarily high level in American industry, and yet when I averaged the amounts contained in those pay envelopes over the working days of a 2-week period, their income amounted to exactly that of the average Japanese laborer in a glass factory in Osaka.

It is true that the Czechoslovak trade agreement was abrogated in April 1939 because Germany took possession of that unhappy country, and by that abrogation temporary relief was furnished to that industry, but this relief was short-lived, because in August the second Belgium trade-agreement negotiations were announced, and shortly that agreement was concluded, and again the American glass industry and American glass workers were consigned to extinction, because it should not be forgotten that when protection is reduced by any trade agreement the benefits of that reduction are extended to every country in the world, and in this instance Japan was the chief beneficiary because her glass workers on an average earned but 5 cents an hour, as compared with an average of 66 cents per hour for American glass workers.

THE POTTERY INDUSTRY

Let us take another industry, the pottery industry. More than 60 percent of the total cost of pottery is the labor cost. The average wage paid in American potteries is 75 cents per hour. The chief competitor in American markets of the American pottery industry is Japan, and the Japanese potter is paid an average wage of 4 cents per hour—4 cents as against 75 cents. How can we expect to keep our potteries going and our potters employed if we insist on reducing the tariff on pottery, as was done in the British trade agreement, by reducing the duty from 50 percent down to 30 percent ad valorem, a reduction which the Japanese had a right to and were quick to claim.

Fortunately the war in China has absorbed so much of their manpower and has temporarily so reduced their output of pottery as to have the same effect as a high protective tariff, but what will be the plight of the pottery industry, with its margin of protection destroyed by the British trade agreement, when the Japanese again begin to make pottery with 4-cents-an-hour labor and import it into our markets.

I have heard it said by those who would bargain our markets away that the disparity in wages paid in America and abroad is more than compensated by the increased efficiency of American working people. While it is true that the average American workingman is highly efficient, yet it should be understood that the Japanese and practically every other manufacturing people are now equipped with the most efficient machinery that skill can devise and that their output is just as great, if not greater, than the output of American labor in American factories, and, however valid the claim might once have been that American efficiency more than compensated for the disparity in labor costs, it is now no longer true.

In my office I have gathered together an exhibit of American-made pottery and glassware, to view which I have invited each one of you Members of Congress by personal written invitation, and many of you have accepted the invitation and have seen the exhibit. These articles are the products of American artisans in the potteries and the glass plants of my State. The men who have created them are artists and the articles are superbly beautiful. They represent the modern version of ancient crafts. It is for these artisans, whose whole lives have been devoted to their artistry and who know no other means of making a livelihood, that I appeal today. The wages which they receive and their customary standards and level of life are incomparably higher than artisans of foreign countries, with whose products they must compete in American markets. Any policy which withdraws from them or denies to them the protection of their own markets for the products of their hands and which condemns them to idleness, want, and despair cannot be a sound nor a constructive nor a truly American policy.

THE COAL INDUSTRY

Let us consider another industry—the bituminous coal industry. Sixty cents out of every dollar taken in by the producer of coal goes directly to those who labor in the mines and for each ton of coal mined in the United States the coal miner gets $1.27 in wages on an average. Last year approximately 200,000 tons of coal came into this country from Russia, mined by labor that was paid but a few cents a day, if it was paid at all, and Russian coal imported into this country robbed the American coal miners last year of more than $250,000 in wages. Every ton of it came in free of all duty and Russia is allowed to ship to this country, duty free, each year up to 400,000 tons. The duty used to be $2 a ton and as I understand it that provision still remains in the law but it is operative against importations of coal from no other country except from Germany, for the reason that the benefits of our trade agreements are not extended to Germany.

More recently, under authority of the Reciprocal Trade Agreements Act, a trade agreement has been negotiated with Venezuela, by the terms of which the excise tax of one-half cent per gallon on fuel oil was reduced to one-fourth cent per gallon. Fuel oil has been and is perhaps the greatest competitor with coal of all of the other fuels. Importations of fuel oil already amount to the equivalent of about 1,000,000 tons of coal per month in heat value, but the increased importation of fuel oil coming in as a result of the Venezuelan trade agreement has a far more damaging effect in that the low price of foreign oil drives the price of American-produced oil down and the effect of this is that millions of tons of American-produced coal are displaced annually by fuel oil, throwing thousands of coal miners out of jobs and keeping the coal industry on the verge of disaster, so that it has been thought necessary to try to save the industry by means of the price-fixing features of the Guffey Coal Act.

There is pending before the Ways and Means Committee, H. R. 12, by the gentleman from West Virginia [Mr. SMITH], which proposes to increase the excise tax on imported fuel oil to 3 cents a gallon. Instead of reducing the excise tax on fuel oil, as was done under authority of the Reciprocal Trade Agreements Act, H. R. 12 should have been adopted and the competition of cheap foreign fuel oil that is destroying the markets for American mined coal should have been eliminated, and we could then expect some measure of steady employment at an American wage for the distressed coal miners of at least a dozen States of this Union.

I speak for them and I urge this House not to continue a law under whose terms employment and a share in the good things of life is denied to thousands of American coal miners.

THE STEEL INDUSTRY

Even the great steel industry has not escaped the attention of the trade-agreement makers. In the trade agreements with Great Britain, Sweden, Switzerland, and Belgium reductions have been made on certain types and products of steel and iron, to the extent, I am told, that in certain parts of the United States certain American steel products have been almost entirely, if not entirely, driven from the market. And again the difference in the wage scale paid in the steel and iron industry here in America, as contrasted with that paid in competing foreign lands, is the key to the situation.

The average wages paid to a steel worker in Belgium, for instance, was in 1938, 19½ cents per hour, while the average wage paid to a steel worker in America in 1938 was 84 cents per hour. Is it any wonder that in spite of the tremendous efficiency of the American steel industry, American steel products have been wholly driven from certain sections of our country by Belgian steel products?

AGRICULTURE

And what shall be said of the treatment of the farmers under the Reciprocal Trade Agreements Act? They have borne the brunt of this insane policy. Under the Canadian agreements, the excise tax on agricultural products has been reduced, and these reductions, through the most-favored-nation clause, have been extended to every other agricultural country in the world, and as a result there have been shipload after shipload of the things that the farmer produces, and for which he is equipped to furnish every need of the American market, imported into this country and sold at prices so low that the farmer has not been able to realize for his products what it has cost him to raise them, and as a result the farmers of America have been and still are facing disaster individually and collectively.

In my State last year the mortgage average per acre on mortgaged farms increased from $34.16 per acre in 1938 to $37.94 per acre in 1939, and the total number of mortgages increased in that period 10 percent.

What shall we say of a law that takes from the representatives of the people in Congress the authority to legislate on matters that vitally affect the lives and livelihood of great sections of our people; that refuses, contrary to the letter and the intent of the Constitution, the right to legislative review and veto through the Senate of the United States of treaties entered into by the Executive with foreign nations; and that is susceptible of being so used by the Executive in the process of trading as to bargain away the livelihood and the chance to work of thousands, perhaps millions, of our citizens? Yet, Mr. Chairman, that is the law that we are now asked to extend for another period of 3 years.

I say to you, Mr. Chairman, that the situation created in many industries by opening our markets to the products of cheap labor in foreign lands is an open invitation and subsidy to American industries to move to those foreign lands, take advantage of their cheap wage scales, and import their products into the markets of the United States. Already this movement is under way. The packing houses, denied adequate protection for their products put up in the United States by American labor, have plants in the cheap-labor and cattle fields of South America. If the policy established by this law is to become the settled policy of this country, it is inevitable that more and more American capital will be drawn from America to foreign lands in order that it may from such foreign lands supply the American markets at a profit. To this insane policy I am utterly opposed.

How can we justify a law that under the name of reciprocity bargains away American markets, not only to the country with which the bargain is struck but extends the benefits of the bargain to every other country in the world except Germany, and thus while claiming to receive reciprocal benefits in return receives them only from one country, while it opens the American markets to the pauper labor of 63 countries, 62 of whom give us no compensating benefits in return? And yet that is the law we are asked to extend today. What has become of our boasted Yankee shrewdness?

True statesmanship requires that we consult together in the framing of a law that will attain true reciprocity, a reciprocity under which no industry in America will be damaged and no American workingman will lose his job but all will be protected; a reciprocal policy that will find in foreign lands markets for our surplus commodities which we shall exchange in return for the products of those foreign lands which we do not produce, or produce in insufficient quantities for our needs. This is the only true basis of reciprocity. This is the only policy under which America can prosper. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield 5 minutes to the gentleman from Rhode Island [Mr. SANDAGER].

Mr. SANDAGER. Mr. Chairman, it is perhaps to be expected that discussion of a subject so important as the further extension of the reciprocal-trade treaties should provoke a generous amount of dissension, but I submit, Mr. Chairman, that the debate should be confined as much as possible to the issues, and that accusations, abuse, and name calling do not contribute either to a proper presentation of the case on either side nor to a real examination of the facts.

To say that one who opposes the present type of reciprocal treaties is provincial or selfish only elicits the retort that the proponents are dreamers and blind idealists. And to accuse the Republicans of making this issue along narrow, spiteful lines is just as unfair, and it is untrue. The whole propaganda machinery of the administration seems to have been in on this battle from the start, from the Commander in Chief in the White House to the machine-gun experts and the submarine rate fixers, who from hidden depths would torpedo American industry. Nor do I think that this issue will be decided along strict party lines—there are quite a few Democrats who are not so blind and unswerving in their devotion to the New Deal nor so intimidated by threats or reprisal but that they will have the courage to vote against this policy of tariff by decree.

And, Mr. Chairman, from an academic point of view, it is only proper that the Republican Party should oppose the trade pacts as another approach to the old Democratic theory of free trade. Sixty years ago in this House of Representatives, James A. Garfield, of Ohio, who was to become President of the United States within a year, described the Democratic theory of protection for American industries as the ultimate goal to free trade. A nip at a time toward that goal was the philosophy of the Democrats when Grover Cleveland was in the White House.

Thus came the famous proposal of the Democratic Congressman, William R. Morrison, of Illinois, for a 20-percent cut in the tariff then existing, even if 20 percent meant ruin in some cases and injury to both capital and employment in more established industries then developing under protection. It died the same year it was introduced—1884—but this proposal, it might be mentioned here, was advocated by Mr. Hull in the 1932 campaign. The only difference was that his suggested figure was 10 percent.

And then we had another Democratic President who found himself with a legislative majority in the Senate and in the House, and we got the Underwood tariff which, within a year of its enactment, threatened us with soup kitchens for the unemployed. As a matter of fact, in my own city of Providence, the common council at that time actually had under consideration the establishment of feeding stations for men out of work.

But to save our jobless workers the World War came, long before we joined it, to stimulate business and to erect a temporary barrier against the influx of Europe's cheap manufactures, agricultural products, and raw materials. The Underwood tariff remained almost an inert bit of legislative mechanism throughout the course of the war. South American nations invaded our markets to some extent, but they, like ourselves, found crying markets for their wares at war prices among the countries in that great and spreading conflict.

When the armistice came and huge armies were demobilized and millions of men returned to normal peacetime pursuits, the Underwood Act came to life within a year, threatening the United States with disaster. Secretary of State Hull was one of the brain constructors of that period, and he has never apologized for it. But he saw a clear majority of the Democratic Senators vote for the Emergency Tariff Act, under Republican auspices, demanded by the country and by a Republican President. Thus ended the Underwood nightmare; and never since, despite their solemn platform promise so to do, with their huge congressional majorities, have the Democrats ever directly, by legislative process, attempted to frame a tariff that would be open to the scrutiny of the country.

So, we come to Mr. Hull and the trade treaties—I shall not call them agreements—which he fears to submit to a Senate where his political bedfellows are in control. No one doubts the high character of the Secretary of State, his fine attainments, his honest desire to see prosperity in all the land. But when we search the background for his present motives, we find him in his public life always the foe of the

protective system which built the greatest industrial empire the world has ever known, even while absorbing millions upon millions of immigrants.

Ever in his legislative efforts was he in the front of every movement to lower trade barriers, and he bitterly condemned a Republican tariff which let in 61 percent of our imports on the free list. Raymond Moley, the "kiss-and-tell" New Deal chronicler, in his book entitled "After Seven Years," published last year, says, on page 114 of his book, speaking of Mr. Hull when the latter was being considered for Secretary of State in the Roosevelt cabinet:

> I was approached in Washington by five Democratic Senators individually. They assured me, fond as they were of Hull, they couldn't see him on that job. He knew little about foreign affairs generally, and was so set on the idea of tariff reduction he couldn't ever acquire a broad view of them. "Why, it's an open secret that he's only got one string to his bow. And every time he makes his speech on tariffs he clears the floor of the Senate," one of them said.

Even if Mr. Moley's retailing of other Senator's opinions of Mr. Hull may not be entirely in accord with the facts, have we not the right to mistrust the nature of his acts which his long-time economic philosophy reconciles with his concededly honest belief that one arm of protection on the remainder of a free-trade body will bring prosperity at home while imports from low-wage nations bulk big in our harbors?

The genial Secretary of State is wearing borrowed livery. Neither he nor his political party has a shred of title to the origin of reciprocal-trade treaties among nations: Republican platforms from McKinley down supported reciprocity for the enlargement of international commerce between the United States and any other country, provided, however, that all contemplated acts be discussed by and ratified or rejected by the Senate of the United States—done in the open light of public opinion, reflected by industry and agriculture, and not in the dark, as now. The State Department and the tariff experts in the past explored the ground with the negotiating nation and then submitted the proposed pact to the Senate for consideration not only of that body but for the information of all labor and capital which might be affected. And here it might be pertinent to point out that in practically all the countries with which we have treaties it is the policy for their legislative bodies to ratify them.

But in the existing situation, what have we here? Unidentified bureaucrats, an army of them, impregnated with the Hull theory that we must have free trade, even if it comes in the products of pauperized wage workers in foreign lands, contrive the framework of the trade agreements, some of which, as in the case of the trade treaty with France, may sentence thousands of our citizens to idleness and destroy capital investments. I have already spoken in this House about what the increase had been of lace imports since the French treaty and what it has cost American workers and their employers in that particular industry.

But, say some of the propagandists, some of whom are in the pay of importers and of exporters in specialized products, Secretary Hull may, in the long run, be trusted to give reasonable consideration to the welfare of home industries, both to the wage earner and the capital investments. While there may be dislocation here and there and unforeseen disadvantages in the import status of certain commodities, Mr. Hull's vigilance and his long legislative experience will broaden our foreign trade with only incidental damage to home industry.

But even if we should forget his inbred philosophy that a protective tariff is poisonous, if he were a superman or 10 times a superman, or even the marvel that his Boswell, the gentleman from North Carolina [Mr. DOUGHTON], would make him, Mr. Hull could not possibly, with his multifarious duties, give personal supervision to the details or the important features of his trade pacts. He puts the stamp of approval upon the work of his staffs, then takes the agreement over to the White House, where, in the same automatic fashion, the Presidlent validates the instrument. Then pretty soon some American workers and capital investment or some group of farmers go into the crucible.

Now, I concede that this policy is all right in an authoritarian country. Government, by decree, has become too prominent a figure of civilization in some nations, often changing to absolute despotism, beginning as an emergency of temporary length and then insulating itself against any change in power. That form is now followed by President Roosevelt in his retention of extraordinary grants to him of legislative authority—for it is nothing else—which he asked for and won from Congress in the earlier period of his first term, in a time of conceded national business depression, with profound international elements entering into the situation.

But as in the case of these reciprocal-trade agreements we are now discussing, the President has, with hooks of steel and all the power politically of his office, opposed any weakening of the superauthority granted him in the emergency legislation that has made Congress nothing more than a "rubber stamp" in some of the most vital problems which affect the security of our country, not the least important of which, I submit to you, Mr. Chairman, is this policy of trade treaties with foreign nations without the approval of the United States Senate.

In insisting, with such tenacity, that the reciprocal trade treaties program be extended for another 3 years, Secretary Hull is following the pattern of his chief. Apparently, he distrusts returning to the Senate, in which he served so honorably, a constitutional privilege which its membership surrendered for the period of the then existing emergency of 1934. And Secretary Hull apparently does not believe that the monetary gyrations of the White House and the Treasury Department have anything to do with the ebb and flow of commerce. The gold legislation was another emergency grant that should be returned to Congress. But try and get it.

Mr. Chairman, there are many direct and concrete arguments against the extension of the treaties, but I shall leave their discussion to those distinguished gentlemen on our side, who from their knowledge and long experience as members of the Ways and Means Committee are far more qualified to debate than myself.

Much has been said as to our gains under the Reciprocal Trade Act, but I challenge the authenticity of the figures that come from Mr. Hull as to these gains. I assert that they are doctored to fit the propaganda of his agents and are as illusory as so many other promises of the New Deal. I shall not weary you with figures of our lost markets here, but rather with the methods used to make it appear that Secretary Hull is riding a winning horse.

Much has been said about the increase in our exports last year. Japan was third in our exports, for while we do not have a reciprocal treaty with her, she naturally benefited under the terms of the most-favored-nation clause. But Japan is engaged in an attempt to "civilize" China just now, and of her imports more than 50 percent last year were war materials and 25 percent were copper and machines. One-fourth of what France took from us was for war purposes and one-fifth of our exports to the United Kingdom were in that category, and, of course, this year our exports of war materials to the Allies will bulk hugely in the percentage column.

Just as misleading, for example, is the formal statement of Secretary Hull's Department that the exports for the 1938 calendar year were 800,000,000 more than the imports, creating the impression that his trade policies were ballooning our commerce. It was actually a kernel of truth wrapped in a cellophane package of deceit. The facts are that by his own and the Commerce Department figures our exports had fallen off by 230,000,000 but our imports had shrunk by almost exactly a billion, thus making the exports exceed the imports by 800,000,000.

Mr. Hull did not disclose the vital fact that in the fall in imports was a total of 340,000,000 of agricultural products which had to be imported the year before because of the New Deal economy of plowing under crops and killing livestock—an adventure which was followed by the drought and dust storms, forcing us to import for our domestic use thousands upon thousands of tons of corn from the Argentine, butter

from Denmark, Norway, Ireland, and Canada, and even cattle from the latter country.

Of course, it would be unfair to ask Secretary Hull to assume responsibility for this plunder; this rightfully falls upon the shoulders of Mr. Wallace, the Secretary of Agriculture, the gentleman who, by the way, actually had the temerity, in his statement before the Ways and Means Committee on January 12 to accuse the Smoot-Hawley Tariff Act of 1930 as the cause of the present European war. Mr. Wallace naturally knows better than that; he must know how the German people reacted to the Versailles Treaty, if only from conversation with well-posted acquaintances. Likewise, he must have heard about Adolf Hitler and his cry of "Lebensraum" for the German people. There can be no excuse for such a preposterous attempt to blame the present ills of Europe on the 1930 Tariff Act unless Mr. Wallace was endeavoring to exhibit cunning in hoping such claptrap might influence some women and some pacifists to go along with the administration program.

But to get back now to Mr. Hull and his claims of gains in our United States commerce as revealed by the 1938 figures. In showing a favorable balance of eight hundred millions he did not disclose the fact that imports of raw materials for our steel mills, automobile manufactures, and other industries had fallen off by more than three hundred millions mainly because of the nose dive taken by American industry in the days of the sit-down strikes from June 1937 to June 1938. Nor did he show that while our exports had fallen two hundred and thirty millions the shrinkage would have been much more had it not been for the purchase by Germany, Italy, Japan, and other nations of essentials for use in prevailing conflicts and those which they expected and which have since occurred.

Finally, if Secretary Hull has a keen sense of what is happening he cannot be too overjoyed as he reviews his adventures into world trade. He has been attacked by that deadly bilateral fever germ, but he does not know it. He propagandizes his reciprocal treaty with England in which duties of British imports here were reduced and then the statesmen of the United Kingdom make a bilateral treaty with Argentina to take 200,000 tons of chilled beef, 50,000 tons of chilled mutton, and millions of bushels of wheat, corn, and other products in return for the Argentine pledge to buy British products of as nearly equal value as can be arranged. A similar pact has followed with Uruguay on cattle, and then the shrewd Britons cut down our tobacco imports to them so they could help keep Turkey lined up on their side through the purchase of the Turkish weed.

While Mr. Hull is giving to all nations what he gives to one in reciprocal trades, practically all other countries take Mr. Hull in reverse and make bilateral compacts for each other's commodities, cutting our exports wherever we are in competition in the seven seas.

The place to decide on the merits of Mr. Hull's work is in the Senate, where light can be thrown upon what is meritorious and what is harmful and what is plainly foolish. The way to do that is to end the emergency powers and return the situation to the custody of the people's elected representatives. Then we shall have the real American kind of trade treaties—confirmed by legislation, not issued by decree. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. JOHNS] such time as he may desire.

POWER TO MAKE RECIPROCAL-TRADE TREATIES SHOULD BE RETURNED TO CONGRESS, WHERE IT BELONGS UNDER THE CONSTITUTION

Mr. JOHNS. Mr. Chairman, there is much to be said on the subject of reciprocal treaties, and so much that has already been said, that with the few minutes that are allotted to each Member for the discussion of this important matter only a few points can be brought to the attention of the membership.

In discussing the farm appropriation I called attention to the fact that the farmers of this country had been treated unfairly under the reciprocal-trade treaties by giving preference to industry and letting the farmer carry the load.

It is true that everybody has been taxed to death to pay the constantly increasing Federal appropriations to the farmer in order that he may exist under the present set-up. If we fail to do this, then the whole farm program will collapse, and we will have chaos in this country; so in considering the reciprocal trade agreements we must take into consideration the farm problem. If the power to enter into these agreements is extended to the President and Secretary of State, then it is going to be necessary before this Congress adjourns to provide large appropriations to take care of the farmer during the next fiscal year.

You may cite speeches delivered by William McKinley 44 years ago or longer, and you may say that the Secretary of State is the outstanding statesman of the present age; but the fact still remains that the foreign countries that we have entered into reciprocal or free-trade agreements with have taken the market of the American farmer away from him; and this is not only true with the farmer, but in many instances the manufacturer.

I will only cite a few instances. It may be extended to great length, but time does not permit, nor would people be interested, except in some facts and figures.

We are not only giving the foreign farm market to foreign countries, but we are furnishing them with farm machinery to be operated with cheap labor in order to lower their cost of production so that they may drive down the prices of farm products in the United States when they are imported here.

For instance, as an example, during the first 11 months of 1939 we exported $63,724,600 worth of agricultural machinery and implements, while we only imported $2,897,142 worth.

For the first 10 months of 1938 we imported into this country 330,653 head of cattle, and for the first 10 months of 1939, 664,339. The figures are available for 11 months of 1939, and the total amount is 724,815 head of cattle. During the month of April 1939 in 1 day 18,000 head of cattle were imported into the United States at Buffalo, N. Y.

Now, if there is anyone on the House floor who can convince me that if that large number of cattle are shipped into the United States in 1 day and does not affect the market, then I want him to explain it to me and give the reason.

The increase in shipments of cattle imported into the United States in 1939 over 1938 is over 100 percent.

We imported into this country hides and skins in 1938, 138,896,000 pounds, and in 1939, 258,889,000 pounds, or an increase of over 100 percent. Cattle hides alone in 1938, we imported 39,338,000 pounds for the first 10 months, and for the first 10 months of 1939, 104,217,000 pounds, or an increase of considerably over 200 percent.

For the first 10 months of 1938 we imported into the United States 25,496,000 pounds of sheep and lamb skins, for the first 10 months of 1939, 50,085,000 pounds, or an increase of almost 100 percent.

For the first 10 months of 1938 we imported 13,749 silver-fox skins, and in 1939, 75,067, or an increase of over 500 percent.

In the first 10 months of 1938 we imported 317,000 pounds of casein, a milk byproduct, and for the first 10 months of 1939, 6,876,000 pounds.

Now, of course, when the American farmer, especially the dairyman, reads this statement, I know he is just going to feel that he has benefited a lot through the reciprocal-trade treaties. The farmer in the grain States, who raises considerable barley, will be enthusiastic when he learns for the first 10 months of 1938 there was imported into the United States 126,000 bushels of barley, and in 1939, for the same period, 745,000 bushels, or an increase of over 600 percent.

I know the farmers in my own State are going to feel highly gratified when they learn for the first 10 months of 1938 we imported into the United States 5,258 bushels of oats, and for the same period in 1939, 2,612,000 bushels.

The wheat farmers of North and South Dakota and Minnesota are going to become very happy when they learn that for the first 10 months of 1938 we imported 2,433,000 bushels of wheat, while in 1939, for the same period, 9,310,000, or an increase of over 300 percent.

I know that some of these farmers, as they pass along the highways and see numerous farms where the homes have been closed with boards nailed over the windows, farm buildings deteriorating, no doubt wonder if the farmers of America could not have raised this 2,612,000 bushels of oats and 9,310,000 bushels of wheat, and if some 3,500 to 4,000 farm families could not now be occupying these buildings and producing the grains that have been shipped in.

I know the canneries in the State of Wisconsin will be interested in knowing that for the first 10 months in 1938, 325,000 pounds of canned peas were imported into this country, and in 1939, 1,070,000 pounds.

I know the maple-sugar producers of Maine and Vermont will be interested in knowing that for the first 10 months of 1938 there was imported into the United States 3,798,000 pounds of maple sugar, and for the same period in 1939, 12,136,000 pounds, an increase of over 250 percent. It is reasonable, of course, to expect that most of this maple sugar was just brought across the Canadian border for use in the United States.

The great sheep-producing States of Wyoming, Utah, and Idaho will also be deeply interested in knowing that there were imported into our country in the first 10 months of 1938 in wool noils, waste, and rags 3,275,000 pounds, while for the same period in 1939, 15,200,000 pounds. There is an old saying "from rags to riches," but this would seem to indicate that it is "from riches to rags."

I now want to pay my respects to my beloved Wisconsin—a State which produces over 50 percent of all cheese consumed in the United States; a State which led the Nation on January 1, 1939, with 2,179,000 head of dairy cattle; a State which produces the finest cheese produced in the world. I know how happy the dairy farmers of Wisconsin are going to be when they know just how much cheese has been imported into the United States since 1933, up to December 1, 1939, and the amount that has been exported.

The amount has increased each year. In 1933 the imports were only 45,495,000 pounds, while during the first 11 months of 1939 there were 58,071,000 pounds imported; 1,357,000 pounds were exported for the first 11 months of 1939. The total cheese imported of all kinds from 1933 up to December 1, 1939, was 374,921,000 pounds, while we exported during the same period 8,940,000 pounds.

It will not take the farmers of Wisconsin long to sit down with a pencil and piece of paper and figure out how much they have lost since the tariff on cheese was reduced from 7 cents to 4 cents a pound.

I might discuss the imports of butter, because Wisconsin is a great butter-producing State; but Minnesota produces more, and I am going to leave that for some Member of Minnesota to discuss with you. I know you will be interested in knowing, however, that from 1933 to December 1, 1939, we imported over eight times as much as we exported.

The butterfat prices on my own farms between 1922 and 1932 averaged 46 cents per pound. They reached a low of 28 cents per pound in August 1938.

Last year the Secretary of Agriculture pleaded with Congress for an appropriation of $125,000,000 to buy surplus commodities and feared if it was not granted that prices would reach as low as they did in 1932. The Secretary was justified in his fears, because in 1938 the prices did reach almost as low as in 1932. There has been imported into the United States more cheese since 1933 up to December 1, 1939, than was produced in this country in the year 1926.

Of course an argument is offered that industry has been greatly aided. I know that we have several large hosiery industries in Milwaukee and in the southern part of Wisconsin, and I know they will be especially happy to know that we imported from Japan alone in 1932 cotton hosiery, 369,000 pairs, and in 1936, 25,733,000 pairs.

I know the glove manufacturers in the United States will be glad to know that we imported from Japan alone wool knit gloves in 1932, 180 pairs; in 1936, 6,876,000 pairs.

From the same country we imported bleached cloth in 1932, 58,000 yards, and in 1936, 65,697,000 yards; and from the same source, wire rope in 1932, 610 pounds, and in 1936, 1,091,000 pounds; and also from the same source in 1932, rayon waste, 41,000 pounds, and in 1936, 7,826,000 pounds.

The imports of the following items from all countries, except Germany, increased over 500 percent from 1934 to 1938: Fir and hemlock lumber, cattle, alfalfa, alsike and sweetclover, timothy and blue-grass seeds, and cement; kraft wrapping paper, 209 percent; watches and watch movements, 159 percent; ice skates and parts, 379 percent (in value); breech-loading shotguns, 233 percent; sauerkraut, 253 percent.

After studying these figures that I have given you, which pertain not only to farming but industry as well, I am wondering if there may not be a casual connection between these figures and the 9,000,000 unemployed in the United States.

It is needless to discuss these trade treaties further or cite you any more facts or figures. The United States Department of Commerce issues a monthly survey of foreign commerce of the United States, and these facts and figures speak much louder than anything that I can say from the floor today.

It matters not whether you call these agreements with foreign countries "trade treaties" or "reciprocal treaties." They amount to nothing more or less in many instances than free trade, which we had back in 1893, and there are Members of the House here who are old enough to remember the results of free trade of 1893. There has been a great deal said of the Smoot-Hawley Tariff Act, and what a terrible thing it is, but I know that the Nation is going to be interested in knowing that the Smoot-Hawley Tariff Act has never been repealed by the present administration, although they had the power to do so at any time they wanted to.

By taking the power away from Congress and delegating it to the President of the United States and the Secretary of State, they have rendered inactive a large part of the schedules of the act, but about 58 percent of its schedules are still in effect, and it is fortunate for the country at the present time that they are. If the present power is extended to the President and the Secretary of State for another 3 years, by that time most of its schedules will be wiped out, and we will have absolute free trade, if there is any country left at that time to trade with anybody.

My only hope is that the power to enter into these treaties by the President and Secretary of State will be terminated at this time, and let us go back to a scientific way of handling tariff matters. Certainly there must be somebody with enough intelligence left in this country to figure out the cost of production in this country and foreign countries, and advise a tariff high enough so that it will protect home farm products and also industry with a cost of production plus a reasonable profit.

This has been the system that has built America, and if it is to continue in the future we must have this protection. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

LET US HAVE A RECIPROCAL-TRADE AGREEMENT FOR OUR UNEMPLOYED

Mr. VAN ZANDT. Mr. Chairman, for many weeks the question of reciprocal-trade agreements has had my close attention. With this highly controversial question now before the Congress of the United States, I welcome the opportunity to speak in behalf of the people of central Pennsylvania, who, in many ways, are affected by these agreements. In so doing, let me assure you that in voicing my opposition to the continuance of this New Deal program, I speak in good conscience, bereft of any personal or political partisanship.

When the people of the Twenty-third District of Pennsylvania selected me to represent them in the Congress of the United States, they sent me to Washington with full understanding that I should discharge the duties of my office in accordance with the Constitution of the United States. At no time have they mandated me to delegate any of my authority as a Member of this lawmaking body to the executive branch of the Government. Therefore, for me to approve the continuation of these agreements would find me guilty of delegating to the executive branch of the Government the tar-

iff, taxation, and treaty-making powers of Congress, and would, in addition, be contrary to the Constitution of the United States.

A cross section of the population of my district is composed of farmers, miners, and railroaders. For several years my people have been feeling the effects of many New Deal experiments that have destroyed thousands of jobs without any compensatory benefits to the men and women made jobless by this short-sighted policy.

If I had my way, we would be discussing today a reciprocal-trade treaty with the jobless of this Nation.

Let us take the farmer in my district. He is not the large corporation farmer who reaps a harvest annually from the New Deal's agricultural program. On the contrary, he is the small conservative farmer who has fought single-handed through this depression to maintain himself and family. Lack of income, taxes, reduced farm prices, and scarcity of market have all contributed in forcing him on the relief rolls.

When you mention potatoes, wheat and other grains, apples, fruits, dairy products, hogs, poultry, and eggs, then you speak the language of the farmer of my district.

Throughout the agreements the agricultural products just mentioned are adversely affected. Some will contradict this assertion, but, gentlemen, from the facts and figures available there can be no question as to the veracity of this statement.

On one side we have the New Deal with its array of alphabetical agencies designed to take acre after acre of agricultural products out of production; on the other side we have the reciprocal-trade agreements lowering tariffs and thus permitting the importation of foreign agricultural products to flood our American market, offering competition to the American farmer, and in destroying farm prices defeating the very purpose and design of the New Deal's farm program.

From all the material available on this subject, I have selected a set of figures concerning American agriculture which I believe is a sound analysis of the problem. The following table shows the value of the competitive agricultural imports which concerns the farmers of the Nation. For two 5-year periods, 1929 to 1933, inclusive—pretrade agreements—and 1934 to 1938, inclusive—posttrade agreements—the figures are as follows:

1929	$889, 122, 000
1930	512, 020, 000
1931	374, 890, 000
1932	282, 428, 000
1933	418, 515, 000
Average	495, 395, 000
1934	497, 892, 000
1935	641, 622, 000
1936	866, 775, 000
1937	588, 316, 000
1938	486, 140, 000
Average	616, 149, 000

Your attention is called to the fact that the average imports of competitive agricultural products for the 5-year post-trade-agreements period exceeded the average for the 5-year pre-trade agreements by $120,754,000.

Let me continue by showing the imports of noncompetitive agricultural products for the same period:

1929	$1, 010, 399, 000
1930	649, 572, 000
1931	459, 000, 000
1932	331, 309, 000
1933	420, 437, 000
Average	574, 143, 000
1934	435, 882, 000
1935	499, 569, 000
1936	669, 920, 000
1937	566, 820, 000
1938	512, 476, 000
Average	536, 933, 000

From the above one finds that the annual average imports of noncompetitive agricultural products for the post-trade-agreements period were $37,210,000 less than for the pre-trade-agreements period. This fact, gentlemen, will prove that the reciprocal trade agreements program in stimulating the importation of competitive agricultural products has placed emphasis on the wrong class of imports.

Now, let us study the question of the total agricultural exports for the same two periods:

1929	$1, 495, 823, 000
1930	1, 038, 018, 000
1931	752, 132, 000
1932	589, 650, 000
1933	787, 343, 000
Average	932, 593, 000
1934	668, 713, 000
1935	766, 303, 000
1936	732, 474, 000
1937	890, 771, 000
1938	682, 962, 000
Average	748, 244, 000

Source of this and the two tables immediately preceding: Bureau of Foreign and Domestic Commerce.

I am sure you will agree with the fact that the average for the pre-trade-agreements period, as reflected in the above table, exceeds the average of the post-trade-agreements period by $184,349,000.

Repeating what I have previously said, these figures are based on a 5-year period from 1929 to 1934, when no trade agreements were in effect; also, on the period 1934 to 1938, when the trade agreements were in effect.

A fair study of the figures clearly reveals that the trend is exactly the reverse of what it should be if the reciprocal-trade program was a benefit to agriculture and the American farmer. This failure leads me to exclaim, "Let us have a reciprocal-trade agreement that will benefit all of the farmers of the Nation!"

On many occasions I have stressed the fact that 75 percent of the people of my district are directly or indirectly dependent upon the coal and railroad industries for a livelihood. Already I have discussed the plight of the farmer, and now wish to dwell on the problem faced by the miner and the railroad man.

At the present time, due to the war now raging in Europe, both industries have experienced a temporary revival of business. However, were the war to end in the near future, as we all pray it will, both industries would revert to their former position of inactivity—thus depriving thousands of employees of an opportunity to earn a livelihood.

The plight of the railroader and the coal miner is more readily understood when one considers the effects on both industries by the use of substitutes for coal. When the demand for coal is curtailed, naturally, the same condition is reflected in the employment of the miner, and it follows that reduced production in the coal industry means unemployment for the railroader.

For years natural gas, unregulated by law, has been a competitor of coal, and it is interesting to note that the labor cost in the production of 20,000 cubic feet of natural gas, which is equivalent to a ton of coal, is about 8 cents. The increased use of gas over coal between 1923 and 1937 eliminated a year's work for 46,732 men engaged in coal mining.

Hydroelectric power subsidized by the Government offers another form of competition from the fact that the labor cost in the production of 2,000 kilowatt-hours of hydroelectric power—energy equivalent to that produced by a ton of coal—is less than 1 cent. The increased output of electricity generated by waterpower in 1937 over the year 1923 had the effect in that single year of eliminating 18,888 men engaged in bituminous-coal mining.

As a result of the reciprocal-trade agreements fuel oil is regarded as the most conspicuous competitor to the coal and railroad industry.

When the excise tax on imports of crude, petroleum, and fuel oil was cut in half, as in the recent trade agreements with Venezuela, it was the plain intention to encourage shipment into the United States of more crude and fuel oil from Venezuela, and under the favorite-nation policy also more

crude and fuel oil from Mexico. The labor cost in the production of four barrels of fuel oil—fuel equivalent to 1 ton of coal—is about 68 cents. It is noteworthy that the increased use of fuel oil in 1937 as compared with 1923 eliminated a year's work for 38,041 men engaged in bituminous-coal mining.

In 1910 there were 555,533 men employed in the coal industry; in 1938, 435,000, or a reduction of over 100,000 miners.

The bituminous-coal industry of this country under normal conditions directly employs about 500,000 men. The average miner works about 200 days a year, and for each ton of coal mined in the United States he receives an average of $1.27.

Let us take a moment to summarize the situation confronting the coal and railroad industry. As I have already said, we have natural gas unregulated by law, which results in the dumping of industrial gas on our markets at rates that have no relation to cost. Then we have hydroelectric power making serious inroads, subsidized by our Federal Government. And equally important is the competition of foreign crude and fuel oils imported into this country under the reciprocal-trade agreements, and not only flooding our domestic markets but further aggravating the already severe competitive situation.

Keep this in mind, gentlemen: For every ton of coal displaced, in addition to the coal miner, another employee dependent on the coal industry either directly or indirectly loses a day's work. Every million tons of coal displaced strikes nearly $2,000,000 annually from the gross revenue of the coal producers, 60 percent of which goes to labor in the form of wages. Every such displacement reduces railway freight revenues by more than $2,000,000 annually, of which 44 percent is paid in wages, and in addition also represents the loss of 1,000,000 man-days to those employed in mining, transportation, and the sale of coal.

I am satisfied that the reciprocal-trade agreements have utterly failed to provide the benefits claimed, but, on the contrary, have added to the ranks of the unemployed, which no doubt explains why such a large percentage of the people of my district are jobless.

In conclusion, in place of reciprocal-trade agreements with foreign countries, let us have a reciprocal-trade treaty with the jobless in our own country. Are we to overlook the fact that here in our own back yard there are over 10,000,000 fellow citizens unemployed? These people represent the best market in the world were they possessed with a reasonable purchasing power. Thus every dollar of purchasing power placed in the hands of each member of our jobless army means that American business will receive each time a $10,000,000 stimulant toward business recovery.

Frankly, our jobless army presents to us the greatest market in the world. All we have to do to explore it is to sign a reciprocal-trade treaty with this group of fellow Americans. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, I rise at this time to state my opposition to the continuation, without proper limitation, of trade-treaty negotiations which, to my mind and in the opinion of the people of my district, is detrimental to the recovery of our country from the present depression. I am opposed to a continuation of the present policy of expediting the importation of those manufactured goods, products of workers in foreign countries, which goods are competitive with the products of American labor. This policy, in reality, transfers the job opportunities of American workers to the workers in foreign countries.

Mr. Chairman, I trust the Members of this House will bear in mind that at the conclusion of the present wars in European and Asiatic countries most of those countries will be so impoverished that of a necessity the products of the fighting workers returned to their factories will be shipped into the American markets for whatever price such goods will bring. This is no idle dream. We know that in 1919, 1920, and 1921 there was a universal demand which resulted in the enactment of the Fordney-McCumber Tariff Act. There was a demand which resulted in the enactment of the antidumping legislation. To my mind, Mr. Chairman, at the conclusion of the present wars those American workers and American farmers, the products of whom compete in the American market with the products of foreign workers and farmers, will be in a like position unless we, at this time, in the extension of the authorization asked for, provide against the possibility of such dumping into American markets by the producers of foreign countries.

In June of 1938 I addressed a letter of inquiry to the Honorable Charles F. Darlington, a spokesman for the State Department, asking for a statement from him or the State Department, as to the authenticity of the contents of an address on trade treaties which he had delivered in March 1938, and which address was inserted in the CONGRESSIONAL RECORD. After applying considerable pressure I received from the State Department, under the signature of the Acting Secretary, Hon. Sumner Welles, a reply to my inquiry referred to above.

I will not attempt at this time to touch on more than one or two items of the reply sent to me which takes seven columns of the CONGRESSIONAL RECORD. Needless to say, all of us are able to understand that when a bureaucrat takes seven columns of the CONGRESSIONAL RECORD to answer an inquiry propounded by a Congressman, there is very little pertinent information in such a reply.

The district which I have the honor to represent, which borders the shores of Massachusetts Bay, made up in great part of skilled tradesmen, the products of which tradesmen compete in the American market with the products of workers in foreign countries, is interested in realities and not in theories or possibilities. For the last 10 years or more we have had a tremendous unemployment problem. In my home city of Lynn, Mass., which at one time was the center of the women's shoe industry of the country, we have found that the influx of a certain type of shoe from Czechoslovakia from 1926 through the early thirties drove out of business many of our leading shoe manufacturers. This resulted in depriving at least five or six thousand of skilled shoe workers of their opportunities for jobs because the product of American shoe workers could not compete in the American market with the product of the lower wage paid workers in Czechoslovakia.

Great stress has been laid by State Department officials on the fact that there was a limitation or implied quota in the Czechoslovakian trade treaty whereby not more than 1¼ percent of domestic production of all kinds of shoes should be admitted under the trade treaty. This is a sample of the hypocrisy which I regret to say too many of us have fallen for in listening to the proponents of reduced tariff duties through our entry into trade treaties.

Mr. Chairman, I want the Members of the House to understand that the importation of certain types of Czechoslovakian shoes into the American market represented some 15 percent of the type of shoes they compete with. I want the Congress to know that the workers in the city of Lynn, Mass., were deprived of a pay roll of possibly $10,000,000 a year, or enough to pay 10,000 workers a yearly wage of $1,000. And when anyone will contend that depriving a community like the city of Lynn of a pay roll of $10,000,000 per year does not inflict injury to the people of that community, I can only say that such people have but little interest in the welfare of American industrial workers.

True, it may be said that the trade treaty with Czechoslovakia has been canceled, but I regret to say the injury inflicted has resulted in closed factories and idle workers. And because of the inability of shoe producers to definitely know what the State Department officials will do, the result is the continued closing of these idle shoe factories.

The city of Lawrence, Mass., the great woolen manufacturing center of America, is also located in the district which I have the honor to represent. Our woolen and worsted mill workers at the present time and for some time past, when employed, secure a minimum wage in excess of 40 cents per hour. To my mind, as well as theirs, this is a much lower wage than their skill and their needs require. However, the products of their labor must compete in the

American market with the products of low-wage workers in foreign countries.

The best evidence that the lowering of tariff duties promotes imports of competitive products, and deprives a community which is dependent for its success on the employment of American workers in those industries which compete in the American market with the products of foreign workers, is found in the letter which I received from the State Department, to which I have just referred. In this letter from the State Department note the following which I quote:

> Reference is then made to those employed in service industries such as transportation, wholesale firms, retail stores, public utilities, hotels, and hospitals. They obviously are not protected from any competition by the tariffs—Mr. CONNERY inquires "Upon whom do those workers you refer to depend for their own livelihood?"

Still quoting:

> They depend for their livelihood, of course, upon the patronage of all members of the population, including their own coworkers. In a particular locality, such as Lawrence, Mass., which Mr. CONNERY mentions, where a number of industries have been developed under the shelter of tariffs, other enterprises will at the same time be more or less dependent upon the same tariffs.

The above quotation, coming as it does from a spokesman of the State Department, indicates the necessity of our placing upon the authorization which they are asking for a limitation to insure that protection will be accorded those communities which have been built up "under shelter of tariffs."

We are told that the trade-treaty program has been carried on in such a manner that no injury has been inflicted upon any American industry. I regret to say, Mr. Chairman, that weasel words never provided an American worker with an opportunity for employment at a decent wage or under decent standards of conditions of employment.

The truth is, Mr. Chairman and members of the Committee, that if it were not for the war, in which a number of large manufacturing nations are now engaged, we would find ourselves the victims of an industrial invasion by the products of workers of foreign countries which, to my mind, would have seriously embarrassed every Member of the Congress.

When our entry into trade treaties results in an increase of commodities or articles which we have the capacity to produce to the full extent of the American market to 500 percent—yes, 1,000 percent—than the preceding year, I believe it should be a warning to the Congress that we should protect ourselves against any possible abuse of the authority which is asked for and contemplated in the pending legislation.

An illustration of what a trade treaty has done is found in the increase in importations of woolen and worsted manufactured goods, taking the year 1938 and comparing it with 1939.

We find that imports of woolen noils increased in 1939 over the importations in 1938 from one and a half millions pounds to more than four and a quarter million pounds, an increase of 168 percent, while the value of such imports increased only 99 percent. We find that woolen waste imports increased from 483,000 pounds in 1938 to 2,375,000 pounds in 1939, an increase of 391 percent. We find that woolen rags increased from an importation of 492,000 pounds in 1938 to 5,461,000 pounds in 1939, an increase of more than 1,000 percent. We find that mohair yarn increased in 1939 over 1938 some 486 percent. We find that woolen worsteds under four ounces increased in imports from 225,000 in 1938 to 498,000 in 1939, an increase of 118 percent; and comparable worsteds increased from 45,000 pounds in 1938 to 131,000 pounds in 1939, an increase of 125 percent. We find that worsteds, over four ounces per square yard, increased from 356,000 square yards in 1938 to 2,300,000 square yards in 1939, or an increase of 251 percent, or, on a pound basis, from 292,000 pounds in 1938 to one and a quarter million pounds in 1939, an increase of 318 percent. We find that woolen-cloth imports increased from 3,305,000 square yards in 1938 to almost 6,000,000 square yards in 1939, an increase of some 80 percent, or, on a pound basis, from 1,900,000 pounds in 1938 to three and a half millions pounds in 1939. Thus, we find not only our American workers deprived of their jobs but American sheep raisers deprived of their market.

Mr. Chairman, it is my contention and I believe the contention of every Member of this House that one of our principal duties and obligations to the American people at the present time, insofar as we can, through legislation, is to provide jobs for those unemployed.

I do not subscribe to any theory that the present administration is wholly responsible for the unemployment of the millions of American workers unable to find work. This administration has provided justly and properly and the Congress has very properly appropriated many millions of dollars for those in need. It is my belief that had the Congress failed to appropriate these much-needed millions of dollars for relief of those in distress our country today, despite its debt, would be in a very deplorable state. However, I do believe that in following the wishes and the theories of the intellectuals without proper limitation we will, as many others have done, accumulate for ourselves a great deal of grief.

This Congress, under President Roosevelt, very properly has enacted a Fair Labor Standards Act. That act provides that the products of any workers paid less than 30 cents an hour shall not be transported in interstate commerce in America. To my mind, much of the value of such legislation is lost when we permit competitive products of workers in foreign countries to be transported in our commerce when such workers are paid wages which the Congress of the United States has by legislative action declared substandard.

It is my belief—and I believe that it is the intent of the Congress of the United States—to protect the job opportunities of American workers, to protect the markets for American farmers by precluding from America the entry of foreign manufactured goods or foreign farm products when such foreign goods are entered into American markets at total costs, tariff duties paid, which are less than the costs of production of competitive American goods when such American goods are commercially available.

It is my intention, Mr. Chairman and members of the Committee, when this bill is taken up for consideration, to offer an amendment in the form of a limitation which will provide that competitive foreign goods, articles, or commodities which are competitive with the products of American labor and American agriculture, when such products of American labor and agriculture are commercially available, shall be denied entry into American markets at total landed costs, duties paid, which are less than the cost of production of competitive American goods or the wholesale selling price of such American competitive goods or commodities.

I sincerely hope and trust that a majority of the Members of the House will support this amendment in the form of a limitation, which amendment, to my mind, is constructive and protects the Congress from any possible criticism as a result of the abuse of the authority herein provided.

I believe there are many Members of this House who realize that the theorists in actual charge of negotiating these trade treaties have but little conception of the needs of the American people. So far as I have been able to learn, the great majority of these people are the victims of book learning and few, if any, have had any practical experience in either American industry, mining, or agriculture.

Surely, if the Congress of the United States wants to protect the job opportunities of American workers, if we are to properly enforce the Fair Labor Standards Act and provide, as was the intent of the Congress, a minimum wage of 40 cents an hour for American workers, we cannot do so if the competitive products of foreign workers are permitted entry into the United States, produced under labor costs which are substandard.

Therefore I sincerely appeal to the Members of the House to study this amendment, and when the bill is up for passage to support this amendment, which I hope to have the honor of presenting.

The amendment is simple and easily understood and reads as follows:

Provided, That no commodity or article shall be included in any foreign-trade agreement entered into, which permits the entry into American markets of products of workers, farmers, or miners of foreign countries at total landed costs, all tariff duties paid, which total costs are less than the cost-of-production or wholesale selling price of competitive products of American workers, miners, or farmers where such American products are commercially available.

As a part of my remarks I include herein a copy of a resolution forwarded to me by the secretary-treasurer of the Massachusetts State Federation of Labor, which resolution reflects the official attitude of the organized workers of my State. It is my understanding that this resolution was unanimously adopted August 10, 1939. The resolution reads as follows:

Resolution 4

Opposition to reciprocal-trade pacts

Whereas the Secretary of State, Cordell Hull, has negotiated reciprocal-trade pacts with various foreign countries which have acted detrimental to the best interest of American workers; and

Whereas many American firms have lost many orders from their customers to foreign firms due to the low cost of production in these foreign countries, and the low standard of living in comparison to American standards; and

Whereas these reciprocal-trade pacts affect the textile, woolen, shoe, lumber, metal trades, and fishing industries, and, as time goes on, more and more American workmen are losing work because of these reciprocal trade pacts: Therefore be it

Resolved, That the Massachusetts State Federation of Labor hold a series of "protest day" meetings throughout the State in every city where a central labor union is established for the purpose of informing the citizens of Massachusetts of the danger of low tariff in these various industries; and be it further

Resolved, That the secretary-treasurer-legislative agent of the Massachusetts Federation of Labor notify the President of the United States, the Secretary of State, and United States Senators and Congressmen from Massachusetts of the action of this convention.

The committee recommended concurrence.

Delegate Russell moved the recommendation of the committee be adopted.

The resolution was unanimously adopted.

Also as a part of my remarks, I desire to direct the attention of the Members of the House to the official attitude of the American Federation of Labor, as set forth, so I understand, by the unanimous action of the executive council of the American Federation of Labor, May 1938, on the question of reciprocal-trade treaties. The resolution reads as follows:

Whereas the provisions of reciprocal-trade treaties negotiated by the State Department with foreign nations affect very vitally both the economic conditions of American workers and unemployment and there are many organizations, representing many thousands of workers, affiliated with the American Federation of Labor which are seriously affected by these trade treaties and for that reason are deeply interested in their provisions; and

Whereas the economic and industrial interests of these workers demand that the American Federation of Labor exercise all efforts possible to prevent the importation of goods from foreign countries, under the provisions of reciprocal-trade treaties, where lower wages, longer hours, and lower standards prevail than exist in competing industries within the United States: Therefore be it

Resolved, That the executive council of the American Federation of Labor expresses its opposition to reciprocal-trade treaties which discriminate against American workers. We are opposed to reciprocal trade treaties provisions which provide for importation of goods and merchandise which because of low labor costs abroad, are sold at a lower price than the same goods and merchandise produced by workers in the United States, where wages and conditions of labor are established on a higher standard than those which prevail abroad; and be it further

Resolved, That a committee representing the American Federation of Labor be accorded the privilege of presenting labor's point of view relating to the provisions of reciprocal-trade treaties affecting labor before said agreements are negotiated and ratified.

The above resolution expressed opposition to reciprocal-trade treaties which discriminate against American workers. Under the terms of this position of the American Federation of Labor, unless we set aside the benefits of the Fair Labor Standards Act, those competitive products of countries which pay a substandard wage would be barred from our country.

The amendment, in the form of a limitation, which I have proposed, and which I sincerely trust the House will adopt, will protect the workers of our countries from having to compete with the substandard products of other countries.

Also, as a part of my remarks, I desire to direct the attention of the House to the very statesmen-like position taken by the American Federation of Labor under conditions comparable to those which exist at the present time.

The following resolution, adopted at the annual convention of the American Federation of Labor, 1917, indicates the far-seeing ability of those who represent the organized workers of our country. The resolution reads:

Whereas we are aiding our Government in every way to win the war and we will, if necessary, make any reasonable sacrifice asked of us in order that humanity, justice, and civilization may survive; we call the attention of the delegates to this convention, the workers of the United States, especially those skilled tradesmen whose product is easily transported, to the danger that exists unless prior to the end of the present war some measures of industrial preparedness are taken by this country against a possible industrial invasion: Therefore be it

Resolved, That this convention go on record in favor of a policy of industrial preparedness and the enactment of laws by Congress that will adequately protect all wage earners of our country against the loss of employment through any industrial invasion on the part of the products of any of the other nations.

The committee reporting on this resolution stated:

We recommend that the resolution, as amended, be referred to the executive council with instructions to have the legislative committee carefully watch all legislation affecting the welfare of the wage earners and work unceasingly to secure the enactment of legislation which will safeguard the best interests of American labor.

A motion was made and seconded that the recommendation of the committee be concurred in.

Delegate Black offered the following addition to the resolution:

And that such preparedness be in harmony with the standards of labor as recognized by the American Federation of Labor.

The resolution would then read:

Resolved, That this convention go on record in favor of a policy of industrial preparedness, and that such preparedness be in harmony with the standards of labor as reconized by the American Federation of Labor, and the enactment of laws by Congress that will adequately protect all wage earners of our country against the loss of employment through any industrial invasion on the part of the product of any of the other nations.

In closing, Mr. Chairman, I want to leave the thought with every Member of the House that conditions which those representing the American Federation of Labor foresaw in 1917 came to pass in 1919 and 1920, when our country was flooded with the manufactured products of the nations of the world.

The present wars in Europe and Asia must soon come to an end—the sooner the better. When that day arrives, I believe that every Member of the House will want to know that our markets cannot be flooded with products of the lower-wage-paid war-impoverished workers of these foreign countries.

The amendment which I have proposed will give to all of us that protection. It will protect the job opportunities of American workers, those the products of our workers which compete in the American market with the competitive products of the workers of foreign countries.

The amendment, I believe, is a proper limitation and a most necessary one, in view of the many complaints which we have all heard of the destructive damage which has been already inflicted on a number of American industries.

Mr. CROWTHER. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. THILL] such time as he may desire.

Mr. THILL. Mr. Chairman, I am opposed to an extension of the present reciprocal trade agreement program. I believe it has undermined American industry, agriculture, and labor. I intend at this time to present some of my reasons for opposing the trade-agreement program sponsored by the New Deal and executed under the direction of the Secretary of State, the Honorable Cordell Hull.

The joint resolution which we are considering proposes to extend the Trade Treaty Act 3 additional years. The authority to enter into binding trade treaties was originally delegated to the Executive in 1934 for a period of 3 years, and such authority was extended in 1937 for a similar period.

Certainly there would be little to condemn if Secretary Hull had followed a proper policy of true reciprocity in

negotiating trade treaties. President William McKinley favored genuine tariff reciprocity with foreign nations along constitutional lines. This great Republican President stated:

The end in view is always to be the opening up of new markets for the products of our country by granting concessions to the products of other lands that we need and cannot produce ourselves, and which do not involve any loss of labor to our own people but tend rather to increase their employment.

One of the primary purposes for which a nation carries on foreign trade is to sell to other nations those goods of which it has a surplus, and to buy from abroad the goods which it needs to supply domestic requirements. We should be extremely careful in granting concessions on foreign products which we do not need, and which directly compete with and displace our own products, particularly when the domestic product is available in commercial quantities at a proper cost and where the necessary protective duty gives the American producer an equal opportunity with low-cost foreign producers in the home market.

TRADE TREATIES DO NOT GUARANTEE PEACE

Prior to the enactment of the trade-treaty law exponents of the reciprocal trade agreement program loudly professed that it would produce world peace, or, at least, be a tremendous factor in bringing about peaceful relations among all nations. However, since the Trade Agreement Act became a law, there have been more wars than at any time since 1918. We have seen Italy subdue Ethiopia; Japan has waged war on China; there has been bloody strife in Spain; Germany seized Czechoslovakia and carried on a vicious short-lived war in Poland; Russia has overrun parts of Finland after bitter fighting during the winter. At the present time Germany and France are engaged in a war, the magnitude of which the world cannot foresee.

With an unsettled state of world affairs, what compelling reason is there for having this country enter into binding trade treaties at this time? Even the Secretary of State admitted that "the scope for going forward with the program during the war is naturally restricted." When peace comes to the world, and the millions of men, now under arms or engaged in war-production activities, return to their regular occupations, what will happen to our markets? Surplus war supplies, including food, clothing, and other competitive articles, will flood our domestic market at prices which will be ruinous to American agriculture, industry, and labor. After the war, those countries engaged in reconstruction and suffering from the collapse of war-time industry will hope to find a ready market for their goods in America.

Those in charge of the New Deal trade treaty program have already reduced tariffs to such an extent that our domestic market will be flooded when peace is restored to the world. There have been 22 trade treaties entered into up to the present time, and the benefits of these treaties have been extended to all nations with the exception of Germany. Over 1,000 tariff reductions have been made affecting 42 percent of our dutiable imports which constitute those which compete with and displace like products of our own workers and our own farms, factories, mines, and forests. The average reduction in duty has been 39 percent. About one-third of the reductions were of the full 50 percent permitted by the act. We have not yet begun to feel the full impact of the reductions due to the fact that during the period the treaty program has been in operation many of the leading nations in the world have been engaged in war or preparation for war, thus diverting their energies from normal production and trade. Should the trade-treaty program still be in effect when the present war ends, our industry will be bound by the present trade treaties. These treaties, as a rule, run for a period of 3 years, after which they are terminable upon 6 months' notice. The treaties can be modified at any time by mutual consent, but we could hardly expect to obtain the assent of a foreign country adversely affected should future circumstances make it desirable for us to withdraw our concessions or to impose higher duties for protection or revenue. Knowing what chaos will be produced by the aftermath of war, we should not bind ourselves for a period of 3 years by entering into trade treaties involving drastic reductions in our tariffs on competitive foreign imports.

We have already seen what happens when treaties are entered into in times like the present. Since our trade treaty with France became effective, the French franc has depreciated 66 percent in terms of the American dollar. This makes it much easier for French producers to sell their goods in our market, and that much more difficult for American producers to sell their goods in the French market. Currencies of other treaty countries have depreciated in substantial amounts. We know that Great Britain as a war measure has withdrawn certain of her trade-treaty concessions to us, but continues to receive the full benefit of all our concessions to her. To add insult to injury, Great Britain has promised to buy a greater share of Turkey's tobacco crop. Such action will be extremely detrimental to our American tobacco growers.

RECIPROCAL-TRADE TREATIES INCONSISTENT WITH NEW DEAL FARM PROGRAM

One of the purposes of the New Deal farm program is to control the surplus agricultural commodities. The new dealers attempt to do this by limiting domestic production. Another purpose of their program is to attempt to bring about parity prices for agriculture such as will give farm products the same purchasing power with respect to industrial products as these farm products had in the pre-war period of 1909–14. In their attempt to bolster farm prices, they have had the Government buy up large quantities of surplus farm commodities. Under the trade-treaty program this administration has reduced the duties on a large number of farm products. The only effect this can have is to add to our present surpluses and undermine farm prices. And all of this is being done when the domestic farm prices are still below parity. The Federal Surplus Commodities Corporation has engaged in removing the surplus American production on over 20 different commodities on which tariffs have been reduced under the present reciprocal trade treaty program. This Government spent the sum of $30,479,112 during the fiscal years 1938 and 1939 on surplus-removal operations in certain commodities, while during the same period there were imported into the United States $92,298,000 worth of these same commodities. If the import duties on these commodities had not been reduced, perhaps this Government could have saved a large part of the money spent for surplus-commodity-removal operations.

TRADE TREATIES INJURIOUS TO LABOR

Not only have the farmers of this country been injured by the present trade-treaty program but labor has been severely affected. We have the highest standard of living and the highest standard of labor of any nation in the world. We have a law which provides for minimum wages and maximum hours in industry. The purpose of this law was to increase the wages of labor and improve working conditions. Yet, under the trade-treaty program, we encourage the importation of competitive products coming from foreign lands where wages are paid but a fraction of those received by American workers, and where there is no such thing as an 8-hour day and a minimum wage. We have laws which exclude certain foreign workers from our shores to prevent competition with American workers. But under the reduced tariffs, brought about by the trade-treaty program, the products of cheap foreign labor are admitted into this country to displace the products of American labor.

INDUSTRIAL RECOVERY HAMPERED BY TRADE-TREATY PROGRAM

American businesses have gone bankrupt and many factories stand idle today because of the reciprocal trade agreement program. Business has been badgered and harried by this administration. How can capital come out of hiding; how can businessmen be expected to invest in new plants when they do not know from one day to the next when indiscriminate tariff reductions will be made and rob them of the home market? This administration has, directly or indirectly, raised the costs of production in this country. By doing so it has increased the competitive advantage which the unhampered, unharried, unrestricted foreign producer has in the domestic market. Under these circumstances how can we

expect the American producer to hold his own in the American market? No wonder opportunities of employment have been decreasing under the New Deal regime.

NEW DEAL TRADE-TREATY PROGRAM NOT RECIPROCAL

To call the trade agreements which Secretary Hull has made "reciprocal" trade treaties is a misnomer. These treaties are not reciprocal in any sense of the word. Certainly the word "reciprocal" suggests give and take in equal proportions, but under the present trade-treaty program we are giving away much and receiving little. We are making arrangements in which the American people are getting the short end of the deal.

Under the Trade Treaty Act all of the concessions which we make under a particular trade treaty are automatically granted to every country in the world except Germany. But we have not obtained 100 percent nondiscriminatory treatment in our trade with the world. Even nations with which we have trade treaties do not give us most-favored-nation treatment. To hope and pray that the other nations in the world will give us the same treatment that we are giving them in this respect is but the hope and prayer of a dreamer. The trade-treaty program has been in operation for approximately 6 years, and the discriminations are worse than they ever have been. During the past year obstacles to foreign intercourse became more numerous and more complex than in preceding years. Restrictions have been placed by foreign governments upon the free conversion of foreign currencies into dollars. Sometimes exchange allotments must be obtained before goods are passed through customs or even before goods are ordered. Quota systems which stipulate maximum quantities of specified commodities which may be imported from all countries have become common. Trade areas and currency blocs have been formed; and through the use of extraordinary control devices the door to our goods is completely or partially closed. Imports from the United States are frequently on a different footing from shipments originating in other countries, particularly in instances in which clearing and compensating agreements are in effect or in which bilateral trade results in an excess of exports from this country.

Under the Trade Treaty Act the President is given discretionary power to deny the benefit of any concessions we give to any country, if that country discriminates against American commerce, or pursues acts or policies which, in the President's opinion, tend to defeat the purpose of the act. Certainly the President should compel fair treatment for American products. A certain nation was formerly found to discriminate against American commerce, and was temporarily denied the benefits of our treaty concessions. It did not take long for that nation to remove those discriminations. The President could withhold the benefits of our treaty concessions from those nations which discriminate against us; and he could provide for penalty duties, on imports from nations pursuing unfair practices, under sections 337 and 338 of the Tariff Act of 1930.

TRADE TREATIES SHOULD BE RATIFIED

The trade agreements negotiated under the Trade Treaty Act are intended to be such as do not require congressional approval, but need only be signed by the President. Under such circumstances the Executive exercises discretionary legislative authority. No rate-making formula has been prescribed which limits the authority of the President, nor are the articles specified, nor concessions in rates fixed in the Trade Treaty Act. If the present manner of administration of reciprocal-trade agreements is to be continued, certainly this Congress should have the opportunity of ratifying the trade treaties. At the present time our tariff rates are being determined—and American agriculture, industry, and labor is placed on the market block—by certain unnamed individuals who sit in secret proceedings with representatives of foreign governments. Under such circumstances there should be public hearings on the completed trade treaties after these secret negotiators have finished their work.

At the present time American producers and others present their grievances to the Committee on Reciprocity Information. They do not know whether their products will be affected by a treaty subsequently negotiated. Results indicate that their opinions count for little in the eyes of the unnamed treaty negotiators.

Most of the other nations with which trade treaties have been negotiated require that their legislative bodies approve the agreements made. Only 3 out of the 22 treaties entered into have been effective without prior or later ratification by the foreign legislative bodies. In 10 cases approval had to be obtained by the foreign nation before the treaties came into operation, and in 9 instances the treaties went into effect provisionally subject to subsequent confirmation by the foreign legislators. It would not have delayed matters very much for the American Congress to have had an opportunity to approve these treaties in the same way. The Brazilian treaty was held for 11 months awaiting ratification, the Colombian and Costa Rican treaties were held up for 8 months, the Nicaraguan treaty for 6½ months, and the Finnish treaty for 5½ months.

WE MUST RETAIN OUR HOME MARKET

Secretary of State Cordell Hull is known as a free-trader. It is not assuming too much to say that he and many other exponents of the present reciprocal-trade program would let down all tariff barriers if they had the power to do so. Only 8 percent of the domestic output of movable goods were shipped to foreign markets during 1939, according to the figures of the Department of Commerce. We Americans consumed at home 92 percent of what we produced. In their anxiety for foreign markets and in their theoretical desire for a free interchange of goods among all nations, the New Deal free-traders are sacrificing our rich home market for lean and unsubstantial foreign markets.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from South Carolina [Mr. HARE].

Mr. HARE. Mr. Chairman, two schools of thought or political philosophy relative to foreign trade have existed in this country from the beginning of the Republic, but in application the philosophy of both has changed to meet changing conditions.

One was formerly referred to as the free-trade policy and the other as the protective-tariff policy. The former developed into what is now referred to as a tariff for revenue. That is, customs duties are levied on goods imported from other countries primarily for the purpose of raising revenue with incidental protection to American products, there being no limit as to the amount of the tariff duty, except as provided by statute. In other words, the proponents of this policy insist that a tariff for revenue should take into consideration the revenues needed for running the Government and the maintenance of a favorable trade relation with foreign countries. They argue that higher tariff rates should be placed on imports coming in competition with American products for the reason that such imports are the best revenue-producing agents. On the other hand they say there are many articles produced in foreign countries and shipped to this country without competing with American products, because no such products are produced in America. The duty on these products should be such as not to prevent importation. The proponents of this theory take the position there should be some duty on all imports, but it should be higher on competitive goods for the reason that the revenue would be more certain and, at the same time, there would be the incidental protection to the American producer and American labor.

The protective-tariff policy of former days has been changed to what is now considered by many as a high protective tariff or embargo policy. There are now two classes of protectionists. One would say the tariff duty on imported articles should be equal to the difference between the cost of production in foreign countries and in the United States, placing the foreign and domestic article on the same footing when placed on the market in our country. The other class insists that the tariff duty on competing imported goods should be based on the cost of production of similar goods in the United States.

The difficulty under the tariff-for-revenue policy, the policy of the Democratic Party for many years, is the inability to know at what level to fix the tariff so as to result in the greatest amount of revenue and at the same time obviate the possibility of an absolute embargo on goods from foreign countries, because some countries, by reason of natural advantages, may be able to produce an article much cheaper than a neighboring or some other country, and if the tariff duty is fixed so as to apply to a condition in one country it may operate to exclude trade from others altogether, and vice versa.

The objection to the practical operation of the theory of the high protectionist, the policy of the Republican Party, is that when you place tariff duties high enough to prevent importations from other countries these same countries retaliate and enact laws that will prevent the sale or exportation of American products in their markets, resulting, according to our bitter experience within the last 10 years, in the loss of our trade with foreign countries, with an accumulated surplus of American products in our country, which, in turn, results in stagnation of business, unemployment, and economic chaos.

The resolution before us, providing for what is generally known as reciprocal-trade agreements, is an attempt to establish and maintain a new policy of trade which embodies some of the principles found in both or all of the trade policies we have referred to, the idea being to appropriate the features which have proven to be to our best interest as found in the tariff-for-revenue policy and the protective-tariff policy. The advocates of this theory argue that we can obtain the same amount of protection to American products in American markets, increase our revenues by import duties, and at the same time establish and maintain enlarged and increased markets for American products in other countries.

Some of the speeches in this debate have been rather acrimonious in their denunciation of our past foreign-trade policies. The Republicans object to the proposed program and have vilified the trade policies of the Democratic Party of the past. The Democrats have replied or retaliated by attacking the high protective-tariff policy of the Republican Party and alleging that it has been responsible for the greatest economic depression in the history of our country. It is not our purpose to be unduly critical, but we all know that neither policy has been successful enough for a fair, unselfish, and open-minded individual to defend and urge the reestablishment of either. It is appropriate, therefore, that we analyze the proposed legislation with the idea of seeing whether such a policy as proposed in this resolution will prove to be of more value to the American people than either of the other policies referred to. To do this it will be necessary, of course, to find out as nearly as possible the result obtained under the former policies and the proposed one, which has been in operation now for 5 years, so that we might be able to determine from an unselfish and intelligent standpoint which would be considered preferable and to the best interest of the great mass of our people.

The best way to measure or determine the merits or demerits of the high protective-tariff policy as contrasted with the reciprocal trade agreements program is to compare results in the way of national income during their operations. An accurate estimate of their value cannot be determined by citing the value of a particular item or industry. We might find one or a few items that grew or prospered during either period, but this will not prove the success or failure of either policy; or we might take a few items and show how they suffered or decreased during corresponding periods, but this will not prove conclusively the defects or shortcomings of either policy as a whole. To obtain a fair estimate, therefore, as to their respective values it is necessary to show, as already stated, their influence on our national income.

Government reports show that our national income in 1929, the year preceding the passage of the last Tariff Act, was $79,498,000,000 but decreased to $44,713,000,000 in 1933, the year preceding the first Reciprocal Trade Act in 1934. Now, in 1939, 5 years following the passage of the Reciprocal Trade Act, our national income had increased to $68,500,000,000. In other words, the national income during the former period under a high tariff policy decreased $34,785,000,000; whereas in the latter period, under the reciprocal trade-agreement program, our national income increased $23,787,000,000. Some will say the reciprocal-trade program was not responsible for all of the increase in our national income. This may be partially true, but it is strikingly significant that the percentage of our national income increased very much in proportion to the increase of our export trade. That is, it will be observed that the increase in our national income, as above noted, was approximately 49 percent, whereas the value of our exports increased about 46 percent in the corresponding period. Others say that the trade-agreement program had little or nothing to do with our increased foreign trade. Let us see about that. Figures from the Department of Commerce show that 62.1 percent of our increased foreign trade has been in those countries with which we have trade agreements, whereas our exports increased only 37.9 percent with nonagreement countries.

The high protectionists who, it is charged, crucified agriculture in the Tariff Act of 1930, now claiming to be the farmer's friend, are saying that the trade-agreement policy is operating to the detriment of agriculture because it permits the importation of agricultural products in competition with our farm products. This is a criticism that warrants some consideration and cannot be lightly disregarded. Upon investigation, however, we find that agricultural imports have increased to some extent, the total value for the year 1938 being $956,000,000. However, we find upon further inquiry that 60 percent or more of these imports are really noncompetitive for the reason they are on the free list and made up of products not grown in the United States or to only a limited extent. For example, $138,000,000 of the imports was for coffee, $130,000,000 for crude rubber, $89,000,000 raw silk, $29,000,000 bananas, $20,000,000 cocoa beans, $18,000,000 tea, $13,000,000 carpet wool, $130,000,000 sugar, and so forth. It appears, therefore, that agricultural imports so far have not been in competition with our farm crops to any great extent.

The high protectionists from some of the leading dairy States also seem to be very much alarmed over the possibility of being injured by the importation of dairy products. Since I am very much interested in the development of the dairy industry, I have made some inquiry as to what effect the trade agreements have had on the dairy industry. We find the importation of dairy products into this country in 1938 amounted to 431,000,000 pounds, although the average for each of the 5 years preceding 1930 amounted to 1,312,000,000 pounds, showing an enormous decrease in the importation of dairy products in 8 years. Really the trade-agreements policy has meant more to the dairy industry than any other type of agriculture. In the first place, the industry has not been materially injured by imports, because as observed from the above figures there has been a marked decrease in the imports of dairy products. In the second place, the stimulation to business with increased employment following our increase in exports has increased the purchasing power of people engaged in other activities and there has been an increased demand for dairy products, particularly in the larger cities and sections where there are increased factory pay rolls. Another indirect benefit to this industry resulting from the trade-agreement policy, particularly in heavy dairy-producing sections, is the letting up of a growing competition in the smaller dairy-producing areas where other agricultural activities have been stimulated because of increased exports, as well as increased demand for their products in our domestic markets. It is not extremely difficult for a general farm to be converted into a dairy farm, but when markets are good for crops from a general farm, a decrease in competition with the regular dairy farm usually follows.

Now, let us see what has happened to cotton, something that is dear to the heart of every southern man, whether he be farmer, laborer, or manufacturer. There was a substantial decrease in the actual number of bales exported between 1932 and 1937, but we must remember there was also an

actual reduction in the total production of cotton in our country during these 6 years, and it is interesting to observe that the reduction in production corresponds almost exactly with the reduction in exports. That is, if we take the average for 5-year periods beginning in 1921 and come on up to 1937 we find that the percentage of exports as compared with production has been practically the same. To be exact, the average annual percent of exports as compared with production was 58 percent during the 5-year period from 1921 to 1925, inclusive; 57 percent during the 5-year period 1926 to 1930; and 58 percent during the period from 1932 to 1936, inclusive, showing conclusively that while there was a reduction in exports of raw cotton for several years prior to 1938, the decrease was in proportion to the decrease in production. But we will go a little further and see what happened to our export trade with reference to products manufactured from cotton. The table below will show the value of manufactured cotton goods or cotton fabrics exported for each year from 1930 to 1939, inclusive, together with the value of semimanufactured cotton goods and the combined total of both for the same period.

United States exports of cotton products

Year	Total value, semimanufactures	Total value, manufactures	Total value, cotton products
1930	$15,006,726	$73,676,976	$88,683,702
1931	9,814,916	50,254,977	60,069,893
1932	9,276,255	36,248,341	45,524,596
1933	7,506,070	31,845,014	39,351,084
1934	9,485,972	33,975,048	43,461,010
1935	9,029,733	29,678,009	38,707,742
1936	10,674,089	33,003,974	43,678,063
1937	16,016,755	43,645,395	59,662,150
1938	11,675,094	45,311,310	56,986,404
1939	12,025,682	56,292,704	68,318,386

It will be observed that the value of exports of manufactured cotton products decreased from $73,676,976 in 1930, the year the last Tariff Act was passed, to $31,845,014 in 1933, the year prior to the passage of the Reciprocal Trade Agreements Act, a decrease of more than 50 percent. The first question the average person will ask when presented with these facts is, What caused this decrease in the sale of manufactured cotton products abroad during the first 4 years and the increase during the last 4 years? The answer comes back clean and clear, for just as soon as Congress passed the Tariff Act of 1930 increasing the duty on foreign goods to the point where they could not enter American markets foreign governments retaliated and closed the doors of their markets to American products. The sale of our manufactured products in foreign markets, therefore, naturally decreased, and our mills soon found a surplus on their hands too large for them to carry. They had to close down. Their operatives then had nothing to do, no income, and no purchasing power, and the whole country was in the middle of a depression never dreamed of before. Now, let us see what happened following the passage of the Reciprocal Trade Agreements Act in 1934? The table above shows that the value of exports of manufactured cotton products increased from $29,678,009 the next year, 1935, to $56,292,704 in 1939, or an increase of 93 percent. Both of these laws dealt with our trade relations with foreign countries. Under the former our trade decreased and unemployment increased. Under the latter our trade increased and employment increased to the point that for the past 12 months there has been more regular employment, better wages, and more business activity in our cotton-mill industry than at any time within the past two decades or longer. These facts are all fresh in our minds and they convince us that so long as our Government can maintain a trade program which insures us a preponderance of trade in our own markets with an increasing export trade with other nations we can reasonably expect a thriving business and industrial activity throughout the Nation.

On the other hand, they show that when there are no exports, business is going to be dull, and unemployment will continue to be our greatest national problem. Show me a time within the industrial history of this country when our exports were at a low ebb and business in this country flourished. On the other hand, I call upon the high protectionists or the opponents of this resolution to point to a time when exports were at high tide and business was dull and people unemployed. They cannot show it. The truth is that when exports are good business at home is good. That is, the bigger the export trade the better the business at home. Therefore, in the light of experience, the way to insure good business and keep people employed in this country is to see to it that our export trade is maintained at the maximum. Ordinarily, I do not allow myself to become excited and to make harsh statements, but I lose patience when I see a few men going around over the country deceiving and misleading people by crying, "American markets for American products only," when they should know that every time this policy has been put into operation American markets have been flooded and American labor has been put upon the streets and highways looking for employment and begging for something to eat. Of course, we all want American markets for American labor—certainly we do—but what we are really interested in is regular employment for American labor at a fair and living wage, and the only way we have ever had it was when we were selling the products of American labor in foreign markets, as well as in American markets.

The argument that we should have a tariff on everything produced in this country sufficiently high to prevent importation from foreign countries to insure American markets for American products sounds mighty well. It is really music to the ear. But we tried that to a substantial degree when you passed the Tariff Act of 1930. The proponents of the measure predicted, at the time it was passed, there would soon be an automobile in every garage and two chickens in every dinner pail, but every living man knows what happened. The manufacturer and American farmer, the supposed beneficiaries under the law, threw up their hands in holy horrow when they saw that other nations had followed our example and barred their doors and closed their markets to American products. They realized it was a game that two could play, and we soon saw millions of men, women, and children searching and begging for bread and clothing in spite of the fact there was an overabundance of both at their very doors, and when we could no longer hear the hum of the spindle or the shuttle of the loom, or see the smoke from the stack, we began to realize that there is a way that seemeth right but the end thereof is destruction. Apparently, for the first time in our history we were forced to realize the penalty of unwarranted selfishness. For the first time we saw that we could not expect abundant and continued prosperity by building a tariff wall around our country and say to the people of the earth, we will expect you to buy our surplus products, but we cannot permit you to enter our markets under any circumstance. As I have already said, we are all anxious to conserve our markets for our own people just as much as possible, but we have learned from bitter experience that you cannot expect to sell unless you plan to buy. This principle is elementary.

A never-ending row of figures and statistics could be given to show the absolute business demoralization in this country that followed the policy of trying to keep everybody else out of our markets and then expecting them to let us enter theirs with impunity. It just did not work, and it can never work. We could relate how the hundreds and thousands of industrial plants closed their doors to the laboring man's only chance for support; we could picture in pathetic terms how thousands and millions of men and women went to banks to find them closed and their earnings gone forever; we could picture how the farmers lost their homes by foreclosures and tax sales and what percentage of our total population were unemployed and without the actual necessities of life, but every man and woman 21 years of age or over remembers and can picture that situation a great deal better than figures can portray. The question is whether we shall go back and react this scene by refusing to pass this resolution. I cannot conceive of anyone being willing to do it, yet I have on my desk today a letter from a manufacturer who objects to it

and insists that the tariff law should be amended to change the tariff rates so that they no longer represent the difference between the cost of production at home and abroad but should be made to apply over and above the cost of production of American products which would insure an absolute embargo on imports from other nations. Of course, I understand he means that this is the policy that should be followed with respect to his particular manufactured product, but it need not apply to others. He loses sight of the fact that if such a policy were to be followed with reference to his occupation or industry it should also apply to the occupation or industry of any other person and that this would be absolute isolation and a reenactment of our economic tragedies of the last 10 years.

Some of those who adhere to the high-tariff theory insist that the tariff rate should be high enough to prevent the importation of products of any kind from foreign nations, and then if such nations should retaliate by levying tariff duties on their products sufficiently high to prevent American exports, our producers should then reduce their production to the point where it will only be sufficient to meet our domestic demands, their contention being that such a policy would guarantee every producer fair and just prices for his products. This sounds plausible but this policy was adopted and tried recently and we all know what happened. Conditions in the Cotton Belt well illustrate the fallacy of such a policy. As soon as the tariff act already referred to was passed and began to be enforced and our Government attempted to fix the price of our raw materials foreign countries retaliated and began to grow and buy cotton elsewhere. A policy was then inaugurated whereby we should reduce acreage so that production would be decreased to a point where we would only have enough to meet domestic requirements. In actual operation it meant reducing the acreage to nearly one-half, which resulted in eliminating about one-fourth of farm labor from the farm with nowhere to go and nothing to do, making conditions worse than ever.

Certainly, we could secure better prices for cotton if we should reduce the acreage and production 50 percent or more, but to do this you will then need only half the people now on the farm. What are you going to do with the other half? This idea does not seem to have occurred to those who suggest that we should produce only enough cotton to meet domestic requirements. It appears to me that any schoolboy would logically ask, "If you cut the acreage and production in half what is going to become of the other half of the people?" My idea is that so long as people of the world want to wear cotton cloth to cover their nakedness our people should be permitted to grow cotton, convert it into cloth, and then the Government use its constitutional rights and powers to effect markets and open channels of trade with all such people wherever they may be.

The wisdom of such a policy is supported by the Reciprocal Trade Agreements Act passed in 1934. By 1938 the President through the State Department had perfected and put into operation trade agreements with 21 foreign countries. Channels of trade were opened up and we began to ship not only raw cotton but the manufactured product to foreign markets, thereby giving increased opportunity to farm labor, the cotton manufacturer to sell cotton goods abroad, and to put idle spindles into operation and give idle hands something to do. Cotton exports increased 6 percent in 1939 and the exports of cotton goods increased 20 percent over exports of 1938.

Mr. Chairman, I am not dealing in highly technical economic theories but only referring to well-known facts in order to show that so far we have not made a mistake in adopting the reciprocal trade agreements program. There can be no question but that it has succeeded so far in helping this country increase its trade with other countries and give labor and producer increased opportunity for work, as well as increased wages and prices for the products of both. Then, why not pass this resolution and extend the operation of the program for 3 more years? If it should develop in the meantime to be unwise we will then be able to enact other legislation that observation and experience might suggest, and if it continues to prove a success we can make it a permanent policy. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 7 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, of course, I am supporting the reciprocal-trade policies of our distinguished Secretary of State, Cordell Hull, whom I consider the outstanding member of any cabinet on earth today, a man who is doing more to restore the peace of the world and the prosperity of the American people, and especially of the American farmers, than any other man who has occupied his position in your day and mine. [Applause.]

As I said before, Henry Thomas Buckle, the great English historian, once said that the great reforms of the English-speaking race have consisted in not doing something new but in undoing something old. Today Cordell Hull, through these reciprocal-trade agreements, is working one of the greatest reforms of this generation by undoing the iniquities of a former Republican regime.

I am surprised to find the tariff barons of New England and other special interests shedding tears over the farmers of the country—the very people their policies helped to ruin.

I remember when they passed the Fordney-McCumber tariff bill, from the farmers' standpoint the greatest legislative blunder of this generation.

After they had taxed the farmer in that tax or tariff bill—after they had levied a tax or tariff on everything the farmers of the country had to buy, from the swaddling clothes of infancy to the lining of the coffin in which old age is laid away—they went back and took a new start and taxed the tombstone that marked his last resting place. A Member from Kansas, Mr. Tincher, then arose and offered an amendment to put a tariff on cowhides, to give the farmers a few of the crumbs, but for fear it would raise the price of cowhides to the shoe manufacturers of New England the Republicans voted it down. The Old Guard Republicans are always willing to do something for the farmers provided it does not cost anything, and provided it does not do the farmers a darned bit of good.

When the World War closed and the Republican administration came into power, they thus transferred the burden of taxes from the purses of the rich to the shoulders of the poor by taking taxes off the big interests and off the big-income taxpayers—not by the millions, not by the hundreds of millions, but by the billions of dollars—and transferring the burden to the unprotected mass, and placed most of it on the backs and shoulders of the toiling farmers of the Nation. Not only did they reduce the taxes of the rich, but they took out of the Treasury money by the hundreds of millions that had already been collected, taxes that had already been paid, and returned it to the big taxpayers who had paid it, without requiring them to pay it back to the people from whom they had collected it, until the first thing they knew every other country in the world had retaliated by levying their town tariffs and restrictions. The map of the world became a barbed-wire entanglement of tariff barriers, behind which world trade had become stagnant and world commerce had become paralyzed, and nations were fighting each other for world trade and raw materials.

The only way we have ever found to straighten out this condition is through these reciprocal-trade agreements now being followed by our distinguished Secretary of State.

I am surprised to hear these gentlemen who have fought me at every turn on rural electrification, and opposed me every time I have attempted to electrify the farm homes of this country, now come here and shed crocodile tears on the shoulders of the farmers because, forsooth, they have lost a few pennies' tariff on a few cowhides that you would not even protect when you had the power, and try to save intact those vicious tariff laws that rob the farmer of everything he makes. But you are not fooling him.

Not only did you rob the farmers and other toiling masses of America, but you further concentrated the wealth of this country into the hands of a few men, until less than 5 percent

of our people owned more than 90 percent of the Nation's wealth.

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay;
> Princes and lords may flourish or may fade;
> A breath can make them, as a breath has made;
> But a bold peasantry, their country's pride,
> When once destroy'd can never be supplied.

So, Mr. Chairman, if we want to restore the prosperity of the American farmer—and it is upon him that the prosperity of this country depends, not on the pay roll of a few industrial centers—if we want to restore his prosperity, if we want to open up world trade, if we want to restore the peace of mankind, we cannot afford to repudiate this policy now.

Let us carry this program forward, restore the trade of the world, lift this burden from the shoulders of the farmers of this Nation, restore the farmer's prosperity, and at the same time bring about the greatest reform of this generation—as Buckle says, not by doing something new but by undoing something old. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, the purpose of the pending resolution, House Joint Resolution 407, is to extend for another 3 years the authority given to the President under the so-called Reciprocal Trade Agreements Act to reduce the rates of duty on imports as fixed by Congress under existing law. During that period, if the resolution is adopted, the President may continue, in his own discretion and without the advice or consent of the Congress, to make trade agreements with foreign countries and by proclamation to reduce existing tariffs to any extent he may choose, not exceeding 50 percent of the rates now established by law.

I oppose the further extension of this wholly unprecedented Executive authority, an authority which, by the way, is not possessed by the executive head of any other major nation in the world, save only the dictator nations whose parliaments have been dissolved altogether.

I oppose this resolution for the same reasons that I opposed the original Trade Agreements Act when it was sent to us ready prepared and drafted from the White House with the President's demand for its immediate passage as an emergency measure in the 1934 session of the Seventy-third Congress. I oppose it now, as I opposed it then, because I believe it to be not only detrimental and ruinous to the economic, industrial, and agricultural welfare of the people of the United States but because I also believe it to be a carefully conceived and deliberate usurpation by the Executive of legislative power which is vested by the Constitution exclusively in the Congress and which no other agency of government except the Congress is competent to exercise.

In the time allotted to me in this debate, I wish first of all to call the attention of the House to the damage and suffering which the so-called trade agreements have brought to the agricultural industry, the lumber industry, and the several other industries upon which rests the economic welfare and stability of the people I represent in the Congress. I desire also to discuss briefly, if time permits, what I conceive to be the philosophy and the real purpose of the trade agreements. I would like to show why, in order to put this philosophy into practice it became necessary in 1934 for its authors to find, and how they did actually find, an effective method of evading the plain provisions of the Constitution. And, finally, I would like to explain some of the methods the administration has successfully used to persuade large numbers of our people that the exercise of the unconstitutional power given to the President under the Trade Agreements Act has redounded to the benefit of the country.

It has been contended in this debate that a great many people have expressed themselves as favoring the continuance of the Trade Agreements Act. This undoubtedly is true, and, because it is true, it is not only important but dangerous as well; for the fact is that, with the exception of those who have been directly and consciously affected by the trade agreements, there are comparatively few people in the United States outside of Congress who have any real information as to just what these agreements are or why they are made. You will find upon inquiry that the average person has no very definite opinion either as to the scope, the purpose, or the merit of any particular one of the 22 trade agreements which have been negotiated since 1934. To them the whole thing has been more or less of an academic question. And experience has shown that whenever any political or economic problem is so considered by the mass of the people, there in that mass you will find a fertile field for the effective use of governmental propaganda.

Now, the administration, knowing this, has taken full advantage of it, in the regular orthodox administration fashion, to propagandize these trade agreements in the most effective manner that has ever been known in the history of American legislation; and it is largely on account of this that we find many groups of sincere and conscientious people, including peace societies, certain civic organizations, numbers of women's clubs, and other groups which have been persistently circularized by the State Department and which have been favorably influenced by its arguments. To these groups should be added also a large number of newspaper editors who receive from the State Department a continuous and never-ending stream of press releases, information bulletins, news stories, and every other sort of propaganda, all designed to create a favorable sentiment for the trade agreements.

But you will find no such sentiment and no such academic attitude among the farmers, the dairymen, the manufacturers of articles which are obliged to meet foreign competition in American markets, lumbermen, fruit and nut growers, labor-union men of both the great national labor organizations, and all the others who know from actual experience what these trade agreements have done to them. To these people the question is no academic one. It is a question of stark reality and their reaction to it comes from actual contacts with the trade agreements themselves.

On account of the limitation of time I cannot, of course, enter into a detailed recitation of the havoc which these trade agreements have wrought upon several industries, including agriculture, which are located in the region I represent and with which, therefore, I am personally familiar. For that reason I intend to select but one; the lumber industry. May I say, however, that so far as the trade agreements are concerned the lumber industry is typical of all the other industries in the Pacific Northwest area, where I live, and that when you have had the story of what the trade agreements have done to that industry you will also have had the story of what they have done in that region to the wheat grower, the cattle raiser, the wool grower, the dairymen, the growers of fruits and nuts, and of every one of the 162 other agriculture commodities, the lawful tariff duties upon which have been reduced by Presidential proclamation under the Trade Agreements Act.

The lumber industry of the Pacific Northwest is the greatest and most important lumber industry in the world. It carries more than one-half of the industrial employment of the States of Oregon and Washington, which have a combined population of nearly 5,000,000 people. It provides the market for the only crop that can be grown on half the land of those two States and it supplies one-third of the lumber consumption of the United States.

Before the trade agreements with Canada and the United Kingdom were negotiated the lumber industry, compared with other industries, was reasonably prosperous. It had weathered the great depression of the early 1930's. It represented an investment of millions of dollars, and millions more were being invested in it every year. It had the entire American market for the kinds of lumber it produced, among the most valuable of which is Douglas fir. It paid to its workers the highest logging and sawmill wages in the world. The Columbia River, which pierces the heart of this great region, had become the largest and most important lumber port in the world. It sold its product to all who needed it, cheaply, but at the same time at a price above the cost of production, which any industry must do if it is to survive, and thus it

succeeded in keeping most of its vast army of employees at work.

Why was it able to do this when in Canada, our next-door neighbor, the same kinds of lumber were being produced by the same methods but at a cost of stumpage one-third lower than ours and at an average wage scale only two-thirds as high as ours, and with no outlay for unemployment and social-security benefits such as our workmen have under State and Federal law? The reason, of course, is that we had a tariff and an import excise duty on lumber which was fixed, as all proper tariffs are fixed, at an amount approximately equal to the difference between the cost of production of lumber in Canada and the United States. The total duty was $4 per thousand, which in this particular case was slightly less than the difference in cost of production. We also had as a part of our law a quota limitation on Canadian lumber imports of 250,000,000 board feet per year. We also had a law which required imported lumber to be marked with the name of the country of its origin.

Then came the trade agreements with Canada and the United Kingdom and the west-coast lumber industry was notified by the State Department that the agreements would involve a tariff concession to Canada on lumber. Naturally the lumber industry protested. But their protest went unheeded, as have the protests of every other citizen of the United States on every one of the 22 trade agreements made since 1934. In an effort to lull the American producers into acquiescence, they were told that in return for a tariff concession to Canada the United States would demand that Great Britain discontinue the preferential tariff rates which for years it had been giving to Canada, that the American lumber industry in its trade with the United Kingdom would have parity rates with Canada, and that American exports to Great Britain, therefore, would more than offset the imports from Canada.

But what happened? To the amazement of the west-coast lumber industry the Canadian agreement simply knocked down half the American tariff wall and left the British tariff against American lumber absolutely intact. But that was not all. By Presidential proclamation the quota limitation on Canadian lumber imports was abolished. Nor did the President stop there. He also suspended by decree the law enacted by Congress which required imported lumber to be marked. He thus stripped the west-coast lumber industry of every benefit and protection that had been given to it by the Congress after years of the most careful study and consideration and left it naked to unrestricted foreign competition.

And what has been the result? Canada now ships to the United States, without limit or restriction of any kind, all the lumber she desires to send at a flat rate of $2 per thousand, which is less than one-half the difference between the cost of production here and in that country, and she sends it here unmarked so that no American buyer may know whether he is purchasing Canadian or American lumber.

Canada now ships to the United States every year more than three times as much lumber as the United States ships to Canada. Canada sells her lumber in our markets, at her own price, and thereby fixes the price which the American producer must meet. On the other hand, the American producer can sell no lumber at all to Great Britain except a few million feet annually of certain grades which Canada does not produce in quantity. Naturally, the sale of west-coast lumber has steadily declined ever since the agreements were made. The price has been beaten down below the average cost of production. Forty-one substantial mills, some of them among the largest in the country, have been closed down and ruined. Lumber and sawmill securities have become practically worthless. Thousands of men have been thrown permanently out of employment, and the entire industry has become paralyzed.

Mr. JOHNS. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Wisconsin.

Mr. JOHNS. Does the gentleman realize, in connection with this billion-dollar business, that the lumber industry importations between 1934 and 1938 increased over 500 percent?

Mr. MOTT. Will the gentleman repeat his question?

Mr. JOHNS. Does the gentleman realize that lumber importations between 1934 and 1938 increased over 500 percent?

Mr. MOTT. I do not have the total percentage increase from all countries, but we imported from Canada in 1938 approximately 15 times as much lumber as we did in 1934. So I think the gentleman is extremely conservative in his statement.

Mr. REED of New York. Will the gentleman yield?

Mr. MOTT. I yield to the gentleman from New York.

Mr. REED of New York. I would like to inquire if the gentleman has pointed out that the depreciation in Canadian currency has resulted in a differential of about 14 percent to their advantage?

Mr. MOTT. I am glad the gentleman raised that question. My statement that the tariff protection since the trade agreements went into effect represented less than half of the difference in the cost of production did not include the additional loss we are suffering through depreciation in Canadian currency.

I have already said that the story of lumber is the story of every other industry in my State, including agriculture, which must meet foreign competition in American markets, and whose tariff protection has been undermined or destroyed by Presidential proclamation based on the negotiation of foreign-trade agreements. This is a statement of fact. The evidence sustains it and the record before the House in the printed hearings of the Ways and Means Committee on this resolution confirms it.

Why, then, it may be asked, if this is true, have so many people expressed themselves as favorable to continuance of the President's authority under the Trade Agreements Act? I repeat that the answer to that question lies in the fact that the mass of the people are uninformed and that their academic attitude toward this problem has made them ideal subjects for governmental propaganda.

Who, for example, among the average citizens living in the East or Middle West knew anything about the facts of record which I have just recited in regard to the lumber industry on the Pacific coast, and what the trade agreements with Canada and Great Britain have done to that industry? It is not reasonable to suppose they should know. There has been, and there still is, no way by which the lumber industry can effectively reach the people with those facts, but the State Department can, and does, reach them with propaganda which distorts the facts. In that way it has succeeded in molding public opinion wherever lack of real information exists.

Why, for instance, do the peace societies so enthusiastically support the proposed extension of the Trade Agreements Act? Is it because they are particularly interested in the complicated and highly technical problem of tariff making? Not at all. It is because administration propaganda has coupled the trade agreements with the slogan of world peace. And yet in the thousands of pages of testimony before the Ways and Means Committee on the pending resolution you will find not one single fact in evidence either that the trade agreements have ever had the slightest effect on world peace or that the sponsors of the Trade Agreements Act ever even supposed that it would have any such effect. This is propaganda—pure, unadulterated, and completely unsupported by fact—and yet it has attracted thousands to the support of a scheme which has not the remotest connection with world peace.

Again, for the purpose of propaganda, and propaganda alone, the administration has used the word "reciprocal" as a part of the title of the Trade Agreements Act, and they call the agreements made under it reciprocal trade agreements. The fact is that the administration, and particularly the State Department, knows that there is nothing reciprocal about these trade agreements and that they were never intended to be reciprocal. They know that the sole purpose of negotiating a trade agreement is to reduce existing tariff duties on imports—not particularly on imports from the country signing the agreement, mark you, but on imports from every other country in the world. The making of a trade agreement is nothing more or less than a handle on which the President may hang a proclamation that the duties on the commodities named in the agreement have been reduced and

that all the world may share in the benefits of that reduction. The law specifically provides that tariff concessions given to one country shall be given to all the countries alike without asking for or receiving any tariff concessions whatever from those other countries, and without making any trade agreement with them. For example, we have no trade agreement with Italy, but Italy, without making a trade agreement with us, is entitled under the Trade Agreements Act to every tariff concession that we have given to England, France, or Turkey, or any of the other 22 countries with which we have negotiated these agreements. The contention that these agreements are reciprocal is not really a contention at all. It is a pretention only.

What, then, is the philosophy behind the Trade Agreements Act and what is the real purpose of it? The answer must be plain to all serious students of this question. The philosophy, of course, is purely and simply the philosophy of free trade; and, auspiciously, it so happens that our distinguished Secretary of State, who has direct charge of the negotiation of these trade agreements, is the outstanding exponent of free trade in the United States. For 30 years, as a Member of both the House and the Senate, he has expounded the doctrine of free trade and has eagerly awaited the day when some means might be found to put it into effect.

Now, when the traditional party of free trade at last came into power in 1933, the free-trade element of that party was in position, of course, to insist that the historic doctrine be put into practice. In this, however, the free-traders were confronted by a seemingly unsurmountable obstacle, because free trade in recent years had ceased to be a tenet of the Democratic Party. No more than a handful of the majority party Members in Congress in 1933 still believed in it. The party platform of 1932 had abandoned free trade and had declared for a competitive tariff, which is practically the equivalent of the Republican doctrine of a protective tariff based on the difference between the cost of production of competitive domestic and foreign products. Furthermore, the President in his 1932 campaign had declared that he knew of no import duties on agriculture that were excessive and that he did not intend to propose to the Congress a decrease in any of them.

The efforts of the free-traders, therefore, to reduce any of the rates specified in the Republican bill of 1930 failed. No bill was offered and no bill has ever since been offered by any member of the majority party to reduce any of the rates in the 1930 act. The majority party members did not want those rates reduced, and they still do not want them reduced.

How then was this apparently irreconcilable problem to be disposed of? The majority leadership in Congress decided to dispose of it by taking the course of least resistance. They disposed of it in precisely the same manner that they have disposed of every other major problem which has ever confronted them during the present administration. They disposed of it by refusing to act upon it on their own account at all and by turning the whole problem over to the President to dispose of as he pleased.

As was to be expected, the President eagerly grasped the opportunity thus presented to him for acquiring additional discretionary authority, and he said he would submit a plan for the solution of the problem. But when the President's solution was finally prepared and submitted to the Congress in 1934 it was of a character so sweeping and unprecedented that it made even the free-traders gasp, for the bill which the President sent to Congress under the title of the Reciprocal Trade Agreements Act demanded nothing less from the Congress than the complete surrender of its whole tariff-making jurisdiction. In this bill the President asked for authority to make any changes he pleased in existing tariff rates. He asked that he be permitted to do this without further interference by the Congress and without the necessity of ratification by the Congress. He asked that he be given power to make trade agreements with foreign nations and that upon the negotiation of each trade agreement to issue a proclamation declaring what the rates and duties should be not only for the country signing the agreement but for the world.

In making this proposal the President permitted the imposition of but one restriction. That restriction was that in making tariff law by proclamation he should not increase or decrease by more than 50 percent any duty already established by law.

That this was a direct violation not merely of the spirit but of the very letter of the Constitution no one could possibly doubt, and no one since has ever seriously contended otherwise. The Constitution, by section 8 of article II, vests in the Congress the exclusive authority to fix and determine import duties and excises and to regulate commerce with foreign nations; and the Constitution, having vested that power in Congress alone, obviously denies to the President any power or authority whatever in this field, which is purely a legislative one. The "brain trusters" of the administration, however, who conceived this scheme, knew, for reasons thoroughly familiar to every lawyer in this body, that no citizen injured by law such as the President had proposed could ever raise the constitutional question in any Federal court, and that therefore the law, if enacted, could be enforced in complete defiance of the Constitution. If is for this reason that the administration has never even bothered to defend the Trade Agreements Act on constitutional grounds, and such gestures as have been made in that regard in this debate have been made with the obvious knowledge that every lawyer in the House knew they were nothing but empty gestures.

Why, Mr. Chairman, when the so-called flexible provisions of the Tariff Acts of 1922 and 1930 were under consideration by the House—a provision which, by the way, imposed upon the President nothing but a mandatory direction to adjust tariff rates in accordance with the findings of the Tariff Commission as to whether existing rates of duty accurately represented from time to time the true difference in the cost of production between foreign and domestic products—the distinguished chairman of the Ways and Means Committee, the present author of the pending resolution to continue the Trade Agreements Act, took the floor and denounced that provision as an unwarranted transfer of legislative power by the Congress to the President and a direct violation of article II of the Constitution. And yet that so-called delegation of authority obviously was as nothing compared to the complete abdication by Congress of its tariff-making power, as provided in the Trade Agreements Act.

Our present distinguished Secretary of State, also, who was a Member of Congress at that time, likewise took the floor and made one of the most brilliant speeches of his career against the comparatively innocent flexible provision of that bill, declaring that the granting of any authority whatever to the President in the field of tariff legislation was unheard of and that it was an Executive usurpation which, if put into practice, would destroy our representative system of government.

But, Mr. Chairman, it is a fact which the Congress knows and which the country also knows, that a mere violation of the Constitution has never deterred the present administration majority in Congress from giving the President any law he asked for, and that was particularly true in the hectic and hysterical days of 1934, when the Trade Agreements Act was passed. If majority party members raised a constitutional question in regard to any bill the President wanted, they were politely but firmly told by the President that they must not let their constitutional objections stand in the way of Presidential desires.

The reason the President wanted the Trade Agreements Act was because it gave him legislative authority to fix duties on imports and to regulate foreign commerce without the necessity of consulting the Congress. The reason the free-traders wanted the act, notwithstanding its unconstitutionality, was because through it they could reduce tariff rates by piecemeal and thus commence the long-awaited practical approach to free trade which they could not get through congressional action because the majority party in Congress had ceased to be a free-trade party.

And so, under Executive pressure from the White House, the Trade Agreements Act was passed, with full knowledge of its

unconstitutionality, and with its passage the Congress surrendered to the President its entire effective lawmaking jurisdiction over tariffs. To deny this is futile. The argument that Congress can still make tariff law while the Trade Agreements Act remains on the statute books is a palpable and an obvious absurdity. The President, and the President alone, now makes tariff law, and since the passage of the Trade Agreements Act not a single tariff bill has been passed by Congress, or even reported from a committee, and none ever will be enacted or reported so long as the present administration remains in power.

But it has been argued here, and the President himself has so intimated in his message on this resolution, that the Congress has not really transferred to the President the whole of its tariff-making power because there is nothing in the Trade Agreements Act which prohibits the Congress from passing a tariff law if it wants to.

Let us see about that. Suppose a majority of the Congress should decide that the import duty on certain textiles should be increased and should pass a law for that purpose. What would the President do? The President, of course, would veto the bill on the ground that under the trade agreement with Great Britain he has already fixed the duty on textiles and that the duty so fixed by him is not merely a law of the United States but is also a part of an international agreement to which the United States is a party and with which the Congress cannot interfere. What right or power has the Congress reserved to itself in such a case? And where will you find an important article of commerce upon which the President has not already fixed the rate of duty?

Suppose again that the Congress desires to place a duty on an article now upon the free list and passes a law for that purpose. Again the President vetoes the bill on the ground that in the trade agreement he made with France, for example, that article was bound by the President upon the free list, that he had the right under the Trade Agreements Act to so bind it and that its binding is not only the law of the United States but a part of an international agreement which can be altered only by the President. Again, what power has been reserved by the Congress? No power has been reserved either in these cases or in any other cases that can possibly arise under the Trade Agreements Act. The President has seen to that.

Mr. Chairman, for the reason that it is unconstitutional; for the reason that it has stripped the Congress of its power to legislate in one of the most important fields of lawmaking; for the reason that it was conceived in deceit and has been administered in reckless disregard for the rights of American industry as a whole; for the reason that its purpose is to put into practice a thinly disguised policy of free trade, in which Americans do not believe, and to continue that policy until free trade is actually accomplished; for the reason that it has injured agriculture and its allied industries by turning over the American market to whatever foreign countries can produce and sell their commodities here the cheapest; for the reason that if carried to its ultimate conclusion it must inevitably bring down the American standard of living at least as low as the average standard of the rest of the world; for the reason that it is unsound, unsafe, and un-American, the Trade Agreements Act should be permitted to pass out of existence on June 12 of this year, the expiration date provided in the act itself, and the pending resolution to extend the life of that act for another 3 years ought to be defeated. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. KERR].

AN ACT TO INCREASE OUR FOREIGN AND DOMESTIC BUSINESS

Mr. KERR. Mr. Chairman, the world's scientific and material progress in the last 40 years has transcended that of 3,000 years before A. D. 1900. Distance has been eliminated. The earth has been explored and is yielding material which has revolutionized commerce and made a contribution to mankind's welfare never dreamed of before. Electricity has been controlled until it is now the slave of 50 percent of the earth's inhabitants, who wonder how they ever did without it. We have learned so much within the last 40 years about our human mechanism that we are able to prolong life and mitigate bodily pain. We look into the world which surrounds us, measure the stars, compute the tides, and locate the earth's seismic disturbances. The whole world is now our neighbor, and old ways in respect to our business relations cannot be justified.

The tariff was doubtless necessary once to protect our infant industry, and it was easy for the United States to pursue its policy of nationalism. These days are gone forever.

Nature has so endowed this Nation with natural wealth and equipped its manhood with such indefinable human initiative and spirit that, although this country's flag only waves over 7.3 percent of the area of the world, in which area is only 6.5 percent of the inhabitants of the world, yet this political subdivision, this Republic of the United States, does about one-half of the foreign and domestic business of the civilized world, and we are fully equipped to do this business. For many years, when the world or a greater part thereof was pursuing its normal life, we could then pursue a policy of high protection and keep out the products of other nations and monopolize our own great domestic markets, and send our surplus materials to foreign markets and sell our products there at a low price in competition with the foreign low-labor products and even undersell our competitors at their homes. We were, until the World War, indebted to several European countries because of the large sums of money they loaned us in the development of our natural resources and building our transcontinental railroads, and with our surplus commodities we were paying our debts, and our creditors were glad to take our products.

Since the World War the economic situation in Europe and Asia has experienced a marked change. European nations now owe the United States more than $13,000,000,000, which with one exception they have not attempted to pay, and, besides this, four of the largest of these nations are again engaged in a war unprecedented in history, and they have consumed a major part of their wealth and income for the last 10 years in the preparation for this conflict. In the Orient, Japan and China are engaged in a bitter warfare, and these countries are consuming their income and living at home as the Europeans are doing insofar as possible.

This world condition has demoralized the economic condition of the United States, and unless our overcapitalized organization of industry and farmers can break down the tariff trade barriers of the Republican Party through reciprocal-trade agreements with other nations in both hemispheres, we might just as well go to work at once and reorganize all of our business and confine our dealings exclusively to our own domestic markets and surrender our business supremacy that we have heretofore held in the world.

I am ready to concede that there are many able and conscientious men in the Republican Party. I am sure that those men are as much interested in the welfare and destiny of this country as those men of the same type in the Democratic Party, but there still remains in the Republican Party the idea that a protective tariff is the panacea for all economic ailments; tariff legislation has been this party's only remedy for business depression, low prices, or for financial panics for the last 70 years, and the leadership of the Republican Party is chained to this idol, and the picture of present world conditions does not seem to shake them from their faith or remove their blindness.

In the administration of the proposed extension of the reciprocal-trade agreements, the country is indeed fortunate in having as its administrator the present Secretary of State, Hon. Cordell Hull. I hazard nothing when I say that he is one of the great statesmen of this generation and, in my opinion, he knows more about international war, tariff problems, and trade agreements than any other man in this country or any other. I can well say of him as one great Englishman said of another, "That he would not do an unjust thing for any earthly prize or motive." Partisanship cannot blind Mr. Hull; the love of his country and its welfare is the keystone of his life. If you will read the RECORD and

careful hearings on the proposed legislation now being considered by the House, and view with an impartial mind the evidence of both the proponents and opponents of this measure, and study the reaction of the press of this country, and the ablest economists, you will irresistibly conclude that in the light of present world problems, and our own economic supremacy, that this is the most constructive and beneficial legislation that has ever been passed in this generation.

I will not take the time to discuss the various trade transactions made possible by our reciprocal-trade agreements. These have been discussed by the able membership of the committee and others, and are so convincing that no one should hesitate to recognize the great advantage that this Nation has received by the facilitation of trade and commerce between this Nation and the 22 nations who agreed with us to remove trade barriers upon a basis of mutual help and good business and thereby allow free and unrestricted trade between these nations. Dealings of this kind not only help economically those nations concerned, but it creates a spirit of interdependency, breaks down political prejudice, and builds up a friendship which is an equation that must be cultivated if civilization on this earth is to be made secure.

The opponents of the extension of reciprocal trade agreements resolution insist that we adopt price standards reached in 1929 as a comparative data for our business activities. I do not understand why they should be proud of that business era which was brought about by fictitious speculation and overt shameless gambling, and which almost wrecked every business in the United States. I should think we all should like to forget the aftermath of that year and that era.

The Democratic Party is responsible for our reciprocal-trade agreements. The record of its successful achievements is sufficient to justify the continuation of this program. If we fail, it is the Democratic Party which must assume the responsibility of the failure. I insert at this point a table which discloses the percentage of our increased export trade with 16 countries with which we have trade agreements, showing an increase of our exports to these countries of 37 percent since the inauguration of these agreements and only an increase of 14 percent with all other nations, from June 30, 1935, to June 30, 1936; June 30, 1938, to June 30, 1939; and during the same period showing a decrease of our agricultural imports from the said 16 nations of 13 percent. Certainly these facts disclose that our agricultural industry has not suffered by these agreements.

United States foreign trade with trade-agreement countries[1] *and with other countries*

[In millions of dollars]

	Year ended June 30—			
	1935-36	1938-39 [2]	Increase (+) or decrease (−) 1938-39 over 1935-36	
			Amount	Percent
United States (domestic) exports:				
Of all commodities:				
To the 16 countries	805	1,099	+294	+37
To all other countries	1,570	1,786	+216	+14
Of farm products:				
To the 16 countries	186	214	+28	+15
To all other countries	580	469	−111	−19
Of farm products other than cotton:				
To the 16 countries	98	166	+68	+69
To all other countries	269	339	+70	+26
United States imports (for consumption):				
Of all commodities:				
From the 16 countries	934	911	−23	−2
From all other countries	1,274	1,168	−106	−8
Of agricultural commodities:				
From the 16 countries	468	408	−60	−13
From Canada and Cuba	204	115	−89	−44
From the 14 others	264	293	+29	+11
From all other countries	673	591	−82	−12

[1] Belgium; Brazil; Canada; Colombia; Costa Rica; Cuba; El Salvador; Finland; France, including her colonies, dependencies, and protectorates other than Morocco; Guatemala; Honduras; Haiti; Kingdom of the Netherlands; Nicaragua; Sweden; and Switzerland.

[2] Preliminary.

The greatest complaint lodged against the reciprocal-trade agreements comes from the cattle industry and the dairy-products industry. In 1932 the gross income of the cattle industry in the United States was $635,000,000, and in 1938 had increased to $1,165,000,000. In 1932 the cash income from the dairy-products industry was $991,000,000, and it had increased to $1,355,000,000 in 1939. It appears strange to some of us that the Representatives from the areas of these two great industries could ever be hostile to the Democratic Party.

Finally, let me repeat, unless we buy from the nations of this earth we cannot sell to them, and unless we can sell to them we might just as well begin to make arrangements to adjust our production of both industrial and agricultural industries to our own domestic market. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, the Ways and Means Committee has done another outstanding piece of work. I congratulate the distinguished chairman and every member of that great committee. No one can read the hearings and the report on this resolution with an open mind, without becoming convinced that this measure should be adopted. They demonstrate that the reciprocal-trade agreements have been beneficent and that their blessings have been shared by agriculture, labor, industry, commerce, and the consuming public. Another conclusion is inescapable: That the 22 reciprocal-trade agreements have been negotiated by statesmen, and that the performance of our Chief Executive and the Department of State, in accordance with the provisions of the Reciprocal Trade Agreements Act, has established another high-water mark of brilliant and devoted service.

Opponents still challenge the constitutionality of the act which we are about to extend for the second time. This same challenge has been flung at every such act since 1794, without success. Even if it were an open question—which it is not—and even were we to forget the cardinal rule of construction that every act of Congress must be presumed to be constitutional unless the contrary clearly appears, the Reciprocal Trade Agreements Act of 1934 would be clearly constitutional. For more than half a century the decision of the Supreme Court in the case of *Field* v. *Clark* (143 U. S. 649) has stood the test of time and has withstood many attacks. That case dealt with the reciprocal-trade problem arising out of the act of October 1, 1890. The holding of *Field* v. *Clark, supra,* is thus summarized in the case of *Hampton & Co.* v. *United States* (276 U. S. 394, 410).

> After an examination of all the authorities the Court said that while Congress could not delegate legislative power to the President, this act did not in any real sense invest the President with the power of legislation, because nothing involving the expediency or just operation of such legislation was left to the determination of the President; that the legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was merely in execution of the act of Congress. It was not the making of law. He was the mere agent of the lawmaking department to ascertain and declare the event upon which its expressed will was to take effect.

The line of authorities upholding similar delegations of power to the Executive culminate in the recent decisions of *United States* v. *Curtiss-Wright Corporation* (299 U. S. 304), and *United States* v. *Belmont* (301 U. S. 324). I defy any person whose mind is not closed by bias to read the four cases I have just cited and the cases referred to in those decisions and then contend that the Reciprocal Trade Agreements Act is unconstitutional.

There is another contention as to the constitutionality of the act, which, at first glance, seems to have far more merit than the contention which the Supreme Court has so thoroughly and so often disposed of, that such delegations of power to the Executive are an abdication of the legislative power granted Congress, and therefore improper. That contention, which on casual examination seems meritorious, is that the reciprocal-trade agreements authorized by the act are essentially treaties and must be made by the Executive with the advice and consent of the Senate, and only so. But when

we come to examine the question thus presented, we find that the authorities are harmonious and clear in holding agreements such as those contemplated by the Reciprocal Trade Agreements Act are not treaties. *Edye* v. *Robertson* (112 U. S. 580, 12 L. R. A. 589); *Four Packages of Cut Diamonds* v. *United States* (256 Fed. 305, 306; Fifth Moore's Internationl Law Digest, pp. 210–221); *Holmes* v. *Jennison* (39 U. S. (14 Peters) 540, 571); *United States* v. *Belmont* (301 U. S. 324); *United States* v. *Curtiss-Wright Corporation* (299 U. S. 304).

On yesterday the distinguished gentleman from Nebraska [Mr. COFFEE] gave us notice in his speech on this floor that he would propose an amendment requiring each of the reciprocal-trade agreements to be made only with the advice and consent of the Senate.

This amendment presents a different and more important question than the contention that these agreements are treaties and therefore required by the Constitution to be ratified by the Senate.

This amendment invites the House of Representatives to abdicate to this extent as a legislative body.

The right of the Senate to ratify a treaty is self-limiting. It grows out of article II of the Constitution of the United States, which defines Executive power—not legislative. It is a limitation upon the preexisting and otherwise absolute power of the President as the sole organ of the Nation in foreign affairs. I quote from the Curtiss-Wright case, supra:

It will contribute to the elucidation of the question if we first consider the differences between the powers of the Federal Government in respect of foreign or external affairs and those in respect of domestic or internal affairs. That there are differences between them, and that these differences are fundamental, may not be doubted.

The two classes of powers are different, both in respect of their origin and their nature. The broad statement that the Federal Government can exercise no powers except those specifically enumerated in the Constitution, and such implied powers as are necessary and proper to carry into effect the enumerated powers, is categorically true only in respect of our internal affairs. In that field, the primary purpose of the Constitution was to carve from the general mass of legislative powers then possessed by the States such portions as it was thought desirable to vest in the Federal Government, leaving those not included in the enumeration still in the States (*Carter v. Carter Coal Co.*, 298 U. S. 238, 294). That this doctrine applies only to powers which the States had, is self-evident. And since the States severally never possessed international powers, such powers could not have been carved from the mass of State powers but obviously were transmitted to the United States from some other source. During the colonial period, those powers were possessed exclusively by and were entirely under the control of the Crown. By the Declaration of Independence, "the Representatives of the United States of America" declared the United (not the several) Colonies to be free and independent States, and as such to have "full power to levy war, conclude peace, contract alliances, establish commerce, and to do all other acts and things which independent States may of right do."

As a result of the separation from Great Britain by the Colonies acting as a unit, the powers of external sovereignty passed from the Crown not to the Colonies severally, but to the Colonies in their collective and corporate capacity as the United States of America. Even before the Declaration, the Colonies were a unit in foreign affairs, acting through a common agency, namely, the Continental Congress, composed of Delegates from the Thirteen Colonies. That agency exercised the powers of war and peace, raised an army, created a navy, and finally adopted the Declaration of Independence. Rulers come and go; governments end and forms of government change; but sovereignty survives. A political society cannot endure without a supreme will somewhere. Sovereignty is never held in suspense. When, therefore, the external sovereignty of Great Britain in respect of the Colonies ceased, it immediately passed to the Union. (See *Penhallow* v. *Doane* (3 Dall. 54, 80–81).) That fact was given practical application almost at once. The treaty of peace, made on September 23, 1783, was concluded between His Brittanic Majesty and the United States of America (8 Stat., European treaties, 80).

The Union existed before the Constitution, which was ordained and established among other things to form "a more perfect Union." Prior to that event, it is clear that the Union, declared by the Articles of Confederation to be perpetual, was the sole possessor of external sovereignty and in the Union it remained without change save insofar as the Constitution in express terms qualified its exercise. The Framers' Convention was called and exerted its powers upon the irrefutable postulate that though the States were several their people in respect of foreign affairs were one.

It results that the investment of the Federal Government with the powers of external sovereignty did not depend upon the affirmative grants of the Constitution. The powers to declare and wage war, to conclude peace, to make treaties, to maintain diplomatic relations with other sovereignties, if they had never been mentioned in the Constitution, would have vested in the Federal Government as necessary concomitants of nationality.

Not only, as we have shown, is the Federal power over external affairs in origin and essential character different from that over internal affairs, but participation in the exercise of the power is significantly limited. In this vast external realm, with its important, complicated, delicate, and manifold problems, the President alone has the power to speak or listen as a representative of the Nation. He makes treaties with the advice and consent of the Senate; but he alone negotiates. Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "The President is the sole organ of the Nation in its external relations, and its sole representative with foreign nations."

It should be borne in mind that the legislative branch of the Government has only those powers granted by the Constitution. Section 1 of article I of the Constitution reads: "All legislative powers herein granted shall be vested in a Congress of the United States, which shall include a Senate and House of Representatives." But all executive power, whether specified in the Constitution or not, is vested in the President. The pertinent part of section 1 of article II of the Constitution reads: "The executive power shall be vested in a President of the United States of America." Similarly the pertinent part of section 1 of article III of the Constitution reads: "The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish." From these quotations it is manifest that Congress has only such power as the Constitution gives it. The Constitution gives it no power to deal with foreign affairs except that the Senate advises and consents to the making of treaties.

Clearly, since the power of the Executive in foreign affairs is exclusive, absolute, and preexistent, unless expressly limited by the Constitution—which it is not, except as to treaties—Congress has no power to prescribe and create an additional sphere of Senate advisory action.

Congress has only such power as is granted in and by the Constitution. The Constitution says:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives. (Art. I, sec. 1.)

The Executive power shall be vested in a President of the United States of America. (Art. II, sec. 1.)

The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. (Art. III, sec. 1.)

Therefore, unless reciprocal-trade agreements be "treaties," the Coffee amendment is beyond the power of Congress to enact—and is unconstitutional and void.

Treaties have certain differentiating characteristics:

1. DIGNITY

The Constitution says:

This Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land. (Art. VI.)

2. FORMALITY

Not only are treaties formal per se but they are always signed, sealed, and delivered by the plenipotentiaries negotiating them amid all the pomp and circumstance possible. Gold seals and ribbons typify the importance attaching to such negotiations. Agreements on the other hand require no formality and may not even be in writing.

3. BREADTH AND SCOPE

Treaties declare policies and principles. They provide for "open doors" and similar rights of public law known to the law of nations. Agreements deal with minutiae under and within the sphere marked out by treaties.

Protocols, postal conventions, modii vivendi, and agreements have never been considered treaties (5th Moore's International Law Digest, 210–221).

4. PERPETUITY OR LONG-TIME ENDURANCE

Whereas agreements are usually adopted for a short time and are readily changeable by the consent of either party on short notice.

From the foregoing contrasts between treaties and agreements and from consideration of the authorities cited supra, it is manifest that the reciprocal-trade agreements are not treaties.

Consequently the Coffee amendment would, if adopted, constitute an abdication by this House of a part of its legislative power. It would constitute the Senate within the sphere of

the legislation contemplated, the Nation's sole legislative body.

If the House of Representatives can thus abdicate in one field, it could in another, and another. It could just as constitutionally abdicate in toto.

So much has been said on the subject of the benefits which have been derived and which may be expected from the reciprocal-trade agreements that I shall not go into any detail. Suffice it to say that it is safe for us to depend upon the expressed judgment of those men of outstanding ability, superior judgment, and most intimate familiarity with the subject. The President of the United States, in his messages to Congress, has advocated the extension of the Reciprocal Trade Agreements Act. Secretaries Hull and Wallace, Commissioner Fox, of the Tariff Commission, President Edward O'Neal, of the American Farm Bureau Federation, Dr. Schultz, of Iowa State College, all have studied the effect of these agreements upon agriculture and say that they have been beneficent and that they will, in their judgment, prove more so as time goes on. The testimony of President O'Neal in the hearings should be read by every intelligent person who would be well posted on this vital subject.

Isador Lubin, Commissioner of Labor Statistics in the United States Department of Labor, certifies to their beneficent result as far as labor is concerned, and states these conclusions in his testimony in the hearings:

1. Trade agreements have opened the way for a very considerable increase of exports of manufactured goods, thereby providing additional employment in the production of these goods.

2. The additional employment created in export industries by the trade agreements has exceeded any displacement of labor in other industries which might conceivably have resulted from concessions made by the United States to foreign countries.

3. Concessions granted by the United States on the products of foreign countries have displaced far less labor in this country than is often claimed.

4. Wage rates in the export industries which have benefited from trade agreements are, by and large, considerably higher than the wages in those industries which have claimed injury as a result of trade agreements.

There is one other important point which must be taken into account in forming a balanced judgment regarding the trade-agreements program but which is sufficiently self-evident as not to require elaboration at this time, namely, the fact that additional employment and additional wages in the export industries create additional purchasing power for a wide variety of goods and services which do not enter directly into international trade, so that the total additional employment resulting from trade agreements is undoubtedly much greater than that involved in the production and transportation of exported goods.

Charlton Ogburn, counsel for the American Federation of Labor, says:

In 1929 a survey showed that annual wages paid average worker in 36 typical tariff-protected industries were $595 less than wages to worker in 36 typical export industries.

AMERICAN LUMBER INDUSTRY AND THE TRADE-AGREEMENTS PROGRAM

During recent months there has been much verbal debate and all types of asertions made concerning so-called adverse effects of the reciprocal trade agreements program in its relationship to the American lumber industry. Usually, conclusions are hastily drawn from incomplete information that the American lumberman has been "sold down the river."

Mr. Axel H. Oxholm, managing director of the Pacific Forest Industries, has for many years given unstintingly of his efforts to promote the welfare of the American lumberman. In an article carefully analyzing the relationship between the trade-agreements program and the lumber industry, particularly the lumber industry in the Great Pacific Northwest, he stated:

[From the Timberman for December 1938]

RESULTS OF OUR TREATY NEGOTIATIONS

Pacific Northwest export industries as a whole undoubtedly feel disappointed in regard to the results of the United Kingdom trade agreement, and naturally everybody is looking for the proverbial goat. Few people take the trouble of studying the agreement as a whole, but are considering the value of the treaty, based on the effect on their particular industry, or, at best, on their particular region. Neither do they take a long-range viewpoint. This is natural and inevitable in a large country where most industries are organized on the basis of watertight compartments and have little relations with each other. Everybody agrees that closer commercial relations with the United Kingdom and the British Empire will be of the greatest importance also from the point of view of international politics.

The greatest achievement of the trade agreement is, unquestionably, that it caused a reversal of the strong tendency to build up preferences within the British Empire. While the treaty, in its present form, may not have broken down Empire preferences to the extent hoped for by certain groups, it does leave "the foot in the door," and subsequent agreements and a possible revision of the present agreement may lead to better direct results for the American export industries involved, especially those in the Northwest. Unquestionably, the treaty will have indirect benefits to practically every industry in the United States. If, for instance, our wheat farmers should succeed in disposing of their surplus crops of wheat in the United Kingdom under the duty-free arrangement secured by the agreement, the economic effects will be felt by every branch of industry catering to our farmers' needs. The same reasoning applies to all other of our industries directly benefited by the agreement.

For once has the American Government taken the lead in an intelligent and consistent foreign tariff policy. If, as majority of experts agree, we must maintain a foreign trade, it is obvious that our foreign policy, which is largely concerned with trade and commerce, must be conducted on a sensible and consistent basis. The industries catering to foreign markets cannot possibly exist on the basis of a temporary advantage gained at the expense of some foreign country during times of stress because such agreements and advantages are of short duration. Likewise an export industry cannot afford to be tied up with a political party so far as the tariff question is concerned. A glance at our tariff schedules for the past 25 to 30 years will clearly show the abrupt changes in our own import tariff, and the retaliatory steps taken by foreign countries against us, all of which has led to a disruption of our trade relations with foreign countries. Particularly during the last few years it has been evident that our representatives in both Houses of Congress are overworked. For this reason alone it should be evident that a highly technical and intricate matter such as our foreign policy cannot possibly be handled by Congress because very few men in political life today have even a superficial knowledge of international trade, tariffs, and related matters. Happily, Congress relieved itself of this work, placing it in the hands of the most competent men available for the purpose. Business leaders, who have studied the present set-up in Washington, are convinced that our negotiators are capable, impartial, and free from political bias. The mere fact that the results of the United Kingdom trade agreement came as a complete surprise to even the largest of our industries is in itself a tribute to the manner in which politics were kept out of this tariff question. The reciprocal trade agreement matter is neither an original idea of the New Deal nor is it a political issue, since it has strong supporters among keymen in both parties.

In conclusion let it be said that it is no easy task for our negotiators to achieve favorable results. Foreign nations, rightly or wrongly, charge this country with having started the tariff war and that the barriers which they have placed in the way of American merchandise are merely in the nature of retaliation. We should also remember that in international trade relations the same principle applies as in any other business deal—unless an agreement is fair and equitable to both parties, it cannot be of lasting value. The countries of the world today are keyed up to the maintenance of an export trade. Our negotiators are not dealing with impractical theorists but with men in the closest position possible with business interests in their respective countries. Our Northwest export industries, therefore, should continue the close relations with our negotiators, and sooner or later this part of the country will receive valuable direct benefits. If anyone should be of the opinion that it would be better to take a chance on the spoils of war and have the tariff question revert to politics, they should first make a simple calculation and ascertain the relative number of voters in the Northwest compared to other districts in the country, often having foreign-trade interests opposed to ours. There is no important country in the world today where the foreign-tariff matter is handled by politicians, and in our own country it is more and more realized by responsible interests that important questions of a technical nature should be handled by experts and divorced from politics. The handling of the foreign-tariff matter is a case in point.

The record of the hearings is replete with testimony showing multiple benefits to industry and commerce, both domestic and foreign, as having resulted from these agreements and many witnesses have spoken of their blessings to the consuming public. But to my mind and above all of the blessings born of these agreements, the final argument in favor of the extension of the act authorizing them is that this policy and practice constitutes the only hope of the United States and of the world for prosperity and peace.

There can be no lasting world peace if narrow nationalism and monopolies shut off other nations from necessities of life. International trade is, therefore, the highway to peace. Many, if not all wars, are the product of economic causes. There is, of course, no cure-all for the hydrophobia of war. But reciprocal-trade agreements constitute at least one powerful antidote. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, "faith in lethargy is pernicious when action can budge a nation toward an ideal."

These words were used by one of our colleagues on another occasion, but they apply equally well in this discussion concerning the reciprocal trade agreements program.

OPPOSING PRINCIPLES

Here we are faced with two opposing principles—inaction versus action as applied to foreign commerce. Shall we try to raise our national income by the negative means of keeping out foreign products or by the positive means of selling our own products abroad? The former is the inactive way; the latter requires action. Which will be our policy? Maybe the experience of the past can be our guide for the future.

But what is this experience of the past? It is the record at which we have been advised so often to look. But in looking at it we must not take out a part, and by that part judge the whole. That procedure involves looking at the trees but failing to see the forest. I do not mean that it is wrong to examine particular aspects of the problem, but only that our first and final judgments must be based on the whole picture.

So first let us examine the economic condition of our Nation. In 1922 the Fordney-McCumber Tariff Act was passed, so let us go back to those gay days and see what progress has been made. The following chart sets forth the annual national income:

Current income

1922	$57,171,000,000
1923	65,662,000,000
1924	67,003,000,000
1925	70,051,000,000
1926	73,523,000,000
1927	73,966,000,000
1928	75,904,000,000
1929	79,498,000,000
1930	72,398,000,000
1931	60,203,000,000
1932	46,708,000,000
1933	44,713,000,000
1934	51,560,000,000
1935	56,254,000,000
1936	65,246,000,000
1937	69,419,000,000
1938	64,000,000,000
1939 (estimate)	68,500,000,000

That is not a very pretty picture when one realizes the suffering and want behind each downward sweep from 1929 to 1933. However, this recovery that has been accomplished during the past 6 years is certainly encouraging. But we are not here today to dwell on the accomplishments of the present administration; rather, it is our duty to determine whether a particular policy is meritorious or iniquitous.

The policy to which I refer is, of course, the reciprocal trade agreements program. Once more let us return to somber statistics. Since this matter concerns our foreign commerce, an examination of the value of our exports and imports is herewith set forth:

Year	Total exports	Total imports	
1922	$3,831,777,000	$3,112,747,000	Fordney-McCumber Act.
1923	4,167,493,000	3,792,066,000	Do.
1924	4,590,984,000	3,609,963,000	Do.
1925	4,909,848,000	4,226,589,000	Do.
1926	4,808,660,000	4,430,888,000	Do.
1927	4,865,375,000	4,184,742,000	Do.
1928	5,128,356,000	4,091,444,000	Do.
1929	5,240,995,000	4,399,361,000	Do.
1930	3,843,181,000	3,060,908,000	Hawley-Smoot Act.
1931	2,424,289,000	2,090,635,000	Do.
1932	1,611,016,000	1,322,774,000	Do.
1933	1,674,994,000	1,449,559,000	Do.
1934	2,132,800,000	1,655,055,000	Trade Agreements Act.
1935	2,282,874,000	2,047,485,000	Do.
1936	2,455,978,000	2,422,592,000	Do.
1937	3,349,167,000	3,083,668,000	Do.
1938	3,094,440,000	1,960,428,000	Do.
1939	3,177,344,000	2,318,258,000	Do.

THE OLD PROTECTIVE METHOD

The figures here given cover the period from 1922 to the present. However, during those years there were three distinct phases. Each of these relate to the specific tariff act covering that particular period. In reality, however, the first two phases were the practical applications of the principle which I mentioned at the outset—the theory of protection rather than aggression in an effort to build up our national economy. The two phases, or rather the two tariff acts, to which I refer will be noted on the chart as follows: The Fordney-McCumber Act of 1922, and the Hawley-Smoot Act of 1930. These two measures both sought to raise the tariff on goods being imported by the United States, but did little to promote the export of goods out of the United States. This apathy or indifference to the importance of our exports is reflected in the downward trend. Memory is kind and few of us realize today how tremendous the drop actually was from the lush days of 1929 to the grim days of 1932. Four short years, but during that period the highest tariff rates in the history of our country were in effect. That was following the principle of lethargy.

THE NEW TRADE-AGREEMENTS METHOD

In 1934, the Reciprocal Trade Agreements Act was passed. It was essentially different from the two preceding acts insofar as it was based on a theory of action—increase our exports, not decrease our imports—action against lethargy; positive against negative.

This program is based on the theory that more can be accomplished to increase our foreign trade by negotiating a possible tariff reduction than by threatening a stronger barrier.

This is not a new theory in principle, but it is a new theory in practice. In 1930 the Hawley-Smoot Act, to which we have referred, was established. The principle behind that legislation was that it is better for the prosperity of the Nation not to buy foreign products than it is to sell American products abroad. We have some knowledge of the results of that policy. Joseph M. Jones, Jr., in his able study on Tariff Retaliation, published by the University of Pennsylvania Press, tells us that "the world depression and the Hawley-Smoot tariff are inextricably bound up one with the other, the latter being not only the first manifestation of but a principal cause of the deepening and aggravating of the former."

From the figures cited it would appear that the policy of inaction was a complete failure, while the policy of action at least is leading us out of the chaos of which the former was one of the causes.

This is neither the time nor the place to cite further proof regarding the lack of success of the former policy. It is enough to state that in the domestic field it was a financial failure, while in the international field it made us the most hated nation in the world.

This, then, is the general picture: Our national income dropped to a drastic level, but our foreign trade dropped even more—out of all proportion to either the drop in world trade or our own national income. Since the Reciprocal Trade Agreements Act was adopted in 1934 that foreign trade was raised approximately as our national income increased, but in a ratio greater than world trade increased. This fact is true aside from the extraordinary trade in war materials.

We have examined the whole picture and discovered that the policy of inaction was found wanting, while the policy of action has been beneficial. Now, let us examine certain parts of that picture.

INDUSTRIAL RESULTS

Our Nation is united not only by the legal binding of the Constitution but by such physical binding as the ribbons of steel and highways which join city to city, State to State, and section to section. That the progress made by the United States during the last several decades is due in no small part to better transportation facilities is axiomatic.

The automobile has played a major part in this progress. But the automobile industry is only a single unit of a great economic whole which is composed of thousands of such units. A strengthening of any or many of these units is reflected in the whole economic picture of the Nation.

I do not overlook the benefits to the whole country when I stress the value of this policy to my particular section. But

as a Representative from Michigan I am especially interested in the result there.

The Detroit industrial area is the largest producer of manufactured products for export in the United States. Six hundred industries in Michigan are engaged in this business. In fact, one out of every $7 spent in the area is derived from foreign trade. With this background in mind, it is easy to understand the vital stake which these industries have in trading with other countries. Nor is it hard to understand that persons dependent on those products of Michigan which are so exported are also aided by any concessions made by foreign countries and are anxious to continue the present profitable arrangement. Automobiles, refrigerators, chemicals, office equipment, pharmaceuticals, fresh and canned fruits, and many other Michigan products are important exports.

Since the most important single industry in the area is the manufacture of automobiles, it might be well to examine the results of the trade-agreements program on this industry. In 1929 Michigan exported automobiles and accessories valued at more than one-quarter of a billion dollars. In 1932 that figure dropped 90 percent. By 1937 most of this loss had been regained. And why? Because economic restrictions such as quotas, exchange control, and high duties imposed by foreign countries greatly limited the exportation of automobiles in past years. But now, under the trade-agreement program, these restrictions have been reduced.

This is the reason why Mr. B. C. Budd, chairman of the export committee of the Automobile Manufacturers' Association and vice president of the Packard Motors Export Corporation, endorsed the Reciprocal Trade Agreements Act before the House Ways and Means Committee. He presented the official position of the Automobile Manufacturers' Association when he said:

> Believing export trade an element essential to our domestic prosperity, the Trade Agreements Act has, in our opinion, contributed substantially to both.

AGRICULTURAL RESULTS

Now, let us turn to another part of the whole picture in an effort to discover the value of the Reciprocal Trade Agreements Act.

Apparently, it was very beneficial to the automobile manufacturer, but has it helped the farmer, or has he been "sold down the river"?

In 1933 United States exports of crude foodstuffs dropped 74 percent from the 1929 level and were the lowest in 59 years. It was expected that the Hull program would help to revive our export markets by tariff bargaining for agriculture as well as industry. Despite crop curtailment and droughts, exports of crude foodstuffs in 1938 reached $249,041,000, the highest level since 1929 and within 8 percent of that 1929 level. The increase was 418 percent over 1933. The increase of the export of finished manufactures was only 144 percent.

The charge has been brought that the American farmer is suffering because of imports. But the fact is that the imports of grains and preparations, in spite of increased world trade, were in 1938 only 40 percent of the 1929 level and only 26 percent of what they were when the program began. Meat and dairy product imports show similar decreases.

But even if there were an increase in the imports, it is compensated by the increase in the exports of agricultural products. It is true, as shown on the chart below, that the total amount of agricultural imports is greater than the amount of exports. But this fact is not a result of the trade-agreements policy, for a similar condition existed before the program was adopted.

Total agricultural exports and imports

Year	Total exports	Total imports
1932-33	$590,000,000	$614,000,000
1933-34	787,000,000	839,000,000
1934-35	669,000,000	934,000,000
1935-36	766,000,000	1,141,000,000
1936-37	732,000,000	1,537,000,000
1937-38	891,000,000	1,155,000,000
1938-39	683,000,000	999,000,000

In order to be fair, let us examine the result of the program in its relation both to the countries with which the United States has entered into trade agreements and with all other countries. The chart below shows this result:

Exports of United States agricultural products to trade-agreement and other countries

Year ended June 30—	To 16 trade-agreement countries		To all other countries	
	Million dollars	Percent of 1935-36	Million dollars	Percent of 1935-36
1935-36	186	100	580	100
1936-37	207	111	525	91
1937-38	288	155	600	103
1938-39	214	115	469	81

Apparently the trade-agreement policy has been beneficial to agriculture. Why, then, is there any opposition from certain farm groups? Perhaps it is because certain industries have prospered under the act to a greater extent than agriculture. The fallacy of this reasoning is the assumption that what benefits one unit of our economic system is necessarily detrimental to other units.

RELATED BENEFITS

Let us examine the interrelation between agriculture and industry. We find that 15,000,000 pounds of wool, 10½ percent of our cotton, and 65 percent of our leather is consumed by the automobile industry. Furthermore, other farm products used in considerable quantities are sugarcane, soybeans, corn, flaxseed, turpentine, beeswax, wood pulp, mohair, and cellulose materials. That is one definite relation between agriculture and the automobile industry.

But there are many indirect relations. For example, the automobile industry last year had an average weekly pay roll of $12,226,000. A large part of that went for agriculture's foodstuffs. If the automobile production were cut, wages would be cut. If wages were cut, the farmer would feel the result. And production would be cut if discriminatory tariff walls against American automobiles were not reduced through the reciprocal trade agreements program.

Another indirect relation between agriculture and the automobile industry is in our highway system. Earlier I spoke of our highways as ribbons binding our Nation together, but they also provide an easy access for the farmer to the market. The expansion of the highway system is due in no small part to the expansion of the automobile industry.

So, the farmer's life has been made easier by the automobile he drives over roads thus made necessary by that automobile. Each year he sells to the industry and to the employees of the industry millions of dollars worth of agricultural products. As shown previously, he is helped to sell more exports. But, in addition, because an industry has been helped through similar exports, that same farmer is able to sell more products, both directly to the industry and indirectly to the employees. Hence, the farmer should be one of the first to back any program which so helps him.

But this interrelation can be extended to other units of our economic system. What helps the automobile industry likewise helps other industries. For example, 17 percent of all steel, 53 percent of malleable iron, 90 percent of gasoline, 80 percent of rubber, 69 percent of plate glass, 65 percent of aluminum, 29 percent of nickel, 35 percent of lead, and 40 percent of mohair are purchased by the automobile industry. It is the largest purchaser of these commodities.

Hence, when the automobile industry prospers, hundreds of dependent industries likewise are benefited.

PRESS COMMENT

This interrelation has been recognized by the press, which, although predominantly opposed to the present administration, nevertheless views the reciprocal trade agreements program as follows:

	Percent
Favorable	82
Noncommittal or mixed	9
Unfavorable	9

This trend is well expressed in an editorial which appeared in the Detroit News on January 23 of this year:

The Michigan farmer should be for a program which benefits Michigan industrial areas, because in these areas he finds his chief market; if tariffs are not to be thrown back to the mercies of the dicker and trade system in Congress, it is essential that the defense of the reciprocal system have expression on a scale and with determination meeting the vigor and intensity characterizing the concerted drive being made to do away with the trade bargains.

It is not difficult to summarize the benefits of this positive, aggressive method of promoting exports as opposed to the negative, lethargic method of barring imports. Logically and statistically it has been shown that it has been beneficial to the Nation as a whole, as well as to agriculture and the automobile industry in particular.

But more than this mere material gain has been the spiritual gain which has been achieved by this policy. Truly it is a reasonable and unselfish policy recognizing the fact that goods exchanged have engaged in their moving and development the hands of toil. The grim spectacle of unemployment has attracted the attention of the world. The discord of Europe owes its present condition partially to unemployment. The trade-agreements idea attunes itself to American thought. There is satisfaction in the plan of remaking a world economy based upon a spirit of unselfishness—void of hate—imbued with humanitarian devotion and brilliant in the hope of glorious peace. Truly, this is the American ideal. It is approached by the active, positive, aggressive reciprocal trade agreements policy.

Faith in lethargy is pernicious when action can budge a nation toward an ideal.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, it seems to me that the whole of the debate today has rather badly missed the point. If I understand the reciprocal trade agreement program, this is not a question which places in opposition to one another on the one hand a philosophy of complete protection of American industry and on the other a philosophy of no protection at all. The attempt here is being made in this program to arrive at a proper balance between such protection against the competition of low-wage labor as may be desirable on the one hand, and the gaining of a maximum amount of mutually advantageous trade on the other.

The ideal situation in regard to foreign trade would be one where the American people were able to consume the full production of their farms and industries and where they would import such essential commodities as they needed and where they would export other commodities in order to make that trade possible. If we would export, we must import; and if we would import, we must export. This is a central principle. I do not see how a proper balancing of all these factors can ever be arrived at by the old-fashioned logrolling method. If we want to have a scientific dealing with our problems of foreign trade, it appears to me that a method such as the reciprocal trade agreement program is absolutely necessary. The old method inevitably leads to the raising of many tariff barriers far beyond what is justified, and will have the consequence of retaliatory duties being levied by other nations, which cannot but lead to the most serious consequences from the standpoint of American employment and peace, namely, the literal migration of American capital out of America into foreign countries in order to jump those retaliatory duties. This has happened in the case of automobile companies and a number of others, and not only does it mean that American interests will be set up in these foreign countries to offer a menace to our peace and the easiest possible chance of involvement in war but also it means a net loss in employment and in production in the United States.

THE CENTRAL QUESTION

It seems to me this whole matter has to rest on the proposition of whether the total results of this program add more to the production, pay rolls, and employment of America than is lost. This can happen if we secure fuller markets for goods that we can produce easily and cheaply and well, even though we may lose to some degree a market for goods which cost us more than is justified to produce. It can happen if as a result of the agreements more of our own people go to work in industry or in agriculture and obtain a larger increase in buying power than is lost as a result of all concessions made to foreign countries.

I am of the opinion that with our present faulty machinery for the distribution of buying power in the country it would be bad policy for concessions to be granted to foreign countries where the only advantage they enjoy is the advantage of a lower labor cost. The situation is different where natural advantages such as special natural resources are enjoyed by these foreign nations.

There are a number of points I should like to speak of this afternoon, but obviously I cannot. The one thing I want to try to press home in the brief moment left to me is that it is perfectly foolish to think that by shipping valuable commodities out of the country and getting money or promises to pay back you are making your people rich. Obviously, you cannot just stack that money up for them. Some day, if the people are to be benefited, it must be used in some constructive manner, and they must get the actual goods they need for their living. If you are to export goods at all, then the only way worth while to the American people of making that possible is to import other goods of value to them. The purpose of this program, as I understand it, is to enable us to export the right things and import the right things. A constant excess of exports over imports is obviously impossible. Such a situation will have to be dealt with in one of five different ways. One, never to receive payment for the excess at all. That has happened to us. It happened to us during the twenties. Two, if you do receive payment for your excess of exports, then you can take the money and pile it up, but never use it to purchase any goods—at the same time that you are exhausting your own resources. Three, you can buy gold or silver, and thus give foreign countries some of your exchange, so they can buy more exports. We have been doing this for a good many years and there has been a lot of complaint about it, for we have as yet made no constructive use of that gold. But if we do not want to use this method, we have got to find another one. Four, you can loan money to foreign countries to the amount of your excess of exports or you can invest money in those countries. But if you do this, then you must upset the balance still further; for you will be receiving interest. We tried this method, too, and it finally resulted in our getting none of our money back, and in part it caused the collapse of 1929.

The only other method of dealing with this problem is to have a decent balance between exports and imports—a mutually advantageous trade, which is what we are trying to get through these agreements.

AN INFLUENCE FOR PEACE

Perhaps the most important argument, however, is that by promoting a mutually advantageous trade it is, without question, possible to increase good will among nations. This is specially important in the case of the American republics at the present time, when so much of the world is at war and when our Western Hemisphere peace and understanding is so important.

If we could increase our trade in the goods of peace, would it not make us somewhat less eager to engage in trade in materials of war? If we can increase our trade with nations at peace, will not the pressure for trade with belligerents be less acute? I believe it will.

I know we shall not solve our problem until our people can consume in proportion to their power to produce. But in a decent world a nation like our own should trade its real surpluses with other nations which need them for things they can produce but which we lack. To see to it that we export the right things and import the right things—that, it seems to me, should be the aim of our foreign-trade program. I know no better method of trying to achieve that objective than the reciprocal trade agreement method, and I shall therefore support the resolution.

Mr. CROWTHER. Mr. Chairman, I yield 15 minutes to the gentleman from Wyoming [Mr. HORTON].

Mr. HORTON. Mr. Chairman, House Joint Resolution 407, which we are considering, extends the President's authority to enter into foreign-trade agreements for another 3 years from June 12, 1940.

Search this resolution as you will, you will not find the word "reciprocal," therefore we certainly are justified in believing that these agreements will continue to be made as heretofore, and that, because of the favored-nation clause, the United States will continue to be made the sucker, Santa Claus, and wet nurse for the entire world. A boob nation is like a boob individual, no one has any respect for such a one, rather, enjoys taking a kick at him. For that reason, boob policies are more apt to draw us into war than to keep us out.

We believe in world reciprocal trade, in trading those things which we produce in abundance for those things which we need. But we do not believe in trading what we have in abundance for other things we have in abundance, when such trade destroys great fundamental industries and great community economics. Largely the farmer and rancher is paying the bill for any benefit which certain industrialists may derive under these trade agreements.

I will confine my remarks largely to the livestock interests, and I will not burden you with a lot of statistics, for already your head like mine is chock full of figures and counter figures. All one has to do is to first determine where you want to go, and figures can be dug up and juggled in such a way as to land you there safely.

But through all this maze one fact stands out clearly—that during the entire trade-agreement period agricultural exports have declined $104,000,000 while competitive farm imports have increased $63,000,000. This startling fact cracks out like a pistol shot in the dead of night to stop dead in its tracks any attempt by the proponents of this act to convince the farmer-rancher of this country that these agreements are of any possible benefit to them. On the contrary, and as I shall prove later on, they have proven to be a curse and are directly responsible for the loss of many millions of dollars to the livestock interests.

Try as you will, juggle your figures as you may, use all the cunning of your New Deal methods, you will never convince a single hard-headed cattleman that the lowering of the duty on cattle, which made possible ever-increasing imports—which in 1939 reached 753,570 live head—has done him anything but dirt. Seven hundred and fifty-three thousand five hundred and seventy head of cattle, that figure closely approaches the cattle census of either Wyoming, Arizona, Florida, or Washington, and is in excess of the census of either North Carolina, West Virginia, Vermont, Utah, Nevada, South Carolina, Maryland, Maine, and a half dozen remaining Eastern States. Seven hundred and fifty-three thousand five hundred and seventy head of cattle; that figure exceeds the total receipts for more than 100 days at the great Chicago stockyards. But despite these facts, some of you have risen on this floor or before the Ways and Means Committee and have had the nerve to attempt to tell the cattlemen that these imports benefited them.

Well, it has only been an attempt. These stockmen, if anything, are practical, what they know they have gained in the hard school of experience, and better than anyone else—not even excepting the Ways and Means Committee and the Tariff Commission or even Secretary Hull—they understand that unfair competition, brought about by an inadequate tariff creates a glutted market which inevitably means lower prices.

The livestock man also knows, and there are apparently those in high office who do not know that the low bids at any market on any day sets the price on all markets for that day.

Our livestock markets are very similar to the stock exchange, and subject to the same influences. They are as sensitive and temperamental as a prima donna. Lack of confidence, lack of faith in government or man, creates a psychological condition of mind that makes anything possible. Such a lack of faith in those responsible for the administration of the Trade Agreements Act has been created by such conflicting statements as the following:

Raymond Moley in his recently published volume, After Seven Years, recites the history of the formation of the tariff policy during the campaign of 1932. Sometime in August of that year Mr. Hull was consulted on this problem, and says Mr. Moley:

> While it would have been idiotic to expect anything but the advocacy of tariff reductions in the light of Hull's free-trade congressional record and southern royalties * * * we were stunned by the extremity of his major recommendation—that Roosevelt come out for cutting all tariffs by a flat 10 percent.

Hugh Johnson at once offered to prepare an alternative draft which provided for the gradual reopening of the channels of commerce by skillful bilateral negotiation. When the two drafts were placed before Mr. Roosevelt early in September, he read the two through and then astounded Mr. Moley by directing him to "weave the two together." Blend day and night and you usually get—and certainly did in this case—a cold, gray dawn of the morning after.

When the tariff speech was finally delivered at Sioux City, Mr. Roosevelt referred to the "outrageously excessive" rates under the Smoot-Hawley tariff and said that some would have to come down. At once he was bombarded with telegrams from farmers and processors asking to just what articles he referred. He decided to temper his views on the Smoot-Hawley tariff and, accordingly, in his speech at Baltimore he made the statement, "I know of no effective, excessively high tariff duties on farm products. I do not intend that such duties shall be lowered." In Boston he said, "I favor—and do not let the false statements of my opponents deceive you—continued protection for American agriculture as well as American industry." It has been said that Roosevelt sincerely believed that this viewpoint represented a compromise with the Hull idea, but whatever it was, that is the history of the formulating of our present tariff policy, and so began 7 years of evasions and cross-purposes in relation to it.

Small wonder that there is no faith in anyone charged with the making of these trade agreements. Definitely there is no set plan or policy that can possibly create confidence in the entire country. A Tennessee tobacco grower is O. K. for his constituents, a coal miner is satisfactory for West Virginia, a steel puddler fills the bill for Pennsylvania, and a sheepherder is "hunky dory" for Wyoming—but just listen to the howl that would go up if a Wyoming sheepherder was given the job of administrating and manipulating the tariff for the entire country.

What I am trying to say is that your own constituents have confidence in you, else you would not be here. And they are expecting you to look after their interests. I am trying to compliment you and to bring you to a realization of your responsibility.

To me that situation spells congressional review of all proposed trade agreements before they become operative, as well as the review of existing ones.

Let us see what these trade agreements have done to the livestock interests:

Early in 1936 a trade agreement was made with Canada that reduced the duty on 175,000 heavy cattle from 3 to 2 cents, and later reduced it to 1½ cents with the quota increased to 225,000. No provision limiting the number or time when these cattle could be marketed was made. As a result, starting on March 28, 1936, and continuing through June 15, 1936, we find at the St. Paul market total receipt of 233,342 head of cattle, of which 42,575, or 18.27 percent, were Canadian. During this period, on an average, cattle prices were off $2 per head, which, applied to the total receipt of 233,342, approaches a loss of $500,000 for the St. Paul market alone. Since the low bid at one market sets the price at all markets, and applying this same loss of $2 a head to the combined receipt at all of our great markets, we find that during the first 3 months after the Canadian agreements became operative the livestock interests, because of these agreements, took a loss of $25,000,000. During all of that period you read in the St. Paul livestock reports every day such statements as 80 cars of Canadians, 55 cars of Canadians, 60 cars of Canadians, 125 cars of Canadians, and so forth, as well as the continuous daily restatement that trading was dull, that the market was

off, that there was a big carry-over, and the convincing part of the proof lies in the fact that daily the great Chicago market faithfully followed the lead of St. Paul. The receipt of Canadians oversupplied and broke the St. Paul market, and that break was reflected in every other market and definitely caused the loss of the millions referred to above. You cannot tell any informed livestock man, who necessarily knows how these markets react, that the statements made above are not correct.

That is not all. The conditions that existed in 1936 can and will continue during any normal period. Further losses will occur. The psychological conditions existing in the minds of the stockmen of the Northwest is best illustrated by the use of the stock phrase, "better get your cattle on market, the Canadians are coming." And they get them in and the market breaks, and you, because you refuse to review these agreements, thereby establishing confidence, are responsible. Yes; and there is another cold fact that should be recorded. A great percentage of Canadians are bought by the packers on the farm and left on the farm. Great possibility there in being able to land these cattle in either St. Paul or Buffalo in such quantities and at such times as to break and control the market.

May I note in passing that the cattle associations of every State west of the Missouri and also of the State of Louisiana have by strong resolutions expressed their opposition to these trade agreements? Every one of these State organizations, as well as 2,000 outstanding cattlemen from these States, make up the American National Livestock Association and recognize the same as their mouthpiece. At the annual convention of this organization in January last, at which the presidents of 15, the vice presidents of 16, and the secretaries of the remaining 2 of these State associations were on hand, the following resolution was passed:

Whereas a large majority of our people, and particularly of our agriculturists, are unalterably opposed to reciprocal-trade agreements: Therefore be it

Resolved, (a) That we are definitely opposed to an extension of the Reciprocal Trade Act;

(b) That if said act is extended, it be only on the condition that all new agreements thereunder and extensions of existing agreements be ratified by the Senate in the manner provided by the Constitution.

Without the shadow of a doubt, 99.99 percent of the cattlemen of this country are unalterably opposed to these agreements.

Yesterday I received a wire from President O'Neal of the American Farm Bureau, stating that 39 States were in favor of the continuance of this authority to make agreements, and asking my support. Wyoming was one of those 39 States, but as the Wyoming president said, "We had to ride along with them."

I want to read Wyoming's later action on these agreements, as well as that of the Farm Bureau Association of the Western States.

The statement of the Wyoming Farm Bureau follows:

Whereas this trade-agreements project has so entirely broken away from the original expressed intent that it threatens the complete dissolution of our tariff barrier, and

Whereas these barriers have been carefully builded through many years as a means by which the American standard of life might be protected, perfected, or perpetuated: Therefore, be it

Resolved, That we, the Wyoming Farm Bureau, in convention assembled, hereby pledge ourselves to use our utmost endeavors to this end, and urge our Representatives in the Congress to do whatever lies within their power to prevent the negotiation of any more trade treaties until the United States Senate regains its constitutional right to confirm or reject such treaties.

In June 1939 the Farm Bureau Regional Conference of 12 Western States passed the following resolution:

Resolved, That we recommend the passage of legislation which would provide that no foreign-trade agreements under the Tariff Act of 1930 shall take effect without ratification by the majority of the United States Senate;

Resolved, That we shall support the action of the American Farm Bureau Federation in requesting a 50-percent increase of the duty on all canned meats.

Mr. O'Neal, take notice.

At the convention in Denver last November of the National Reclamation Association, an address was made by that grand Democrat from Montana, President O. S. Warden, of the National Reclamation Association, in which he stated:

The present Canadian treaty does not have the approval of the western half of the United States. American businessmen, if they build canneries in Argentina, are likely to bring about the same situation that developed when financial interests put their money into Cuban sugar plantations and refineries. They may be helping a foreign country, but they are not particularly good neighbors of the American farmer.

THE ARGENTINE CANNED MEAT

No discussions of the cattleman's problems would be complete that did not inquire into the proposed trade agreements with the Argentine and Uruguay which will undoubtedly be concluded just as soon as possible after this sought-for authority to extend this act has been secured.

About 95 percent of the items in the Argentine agreements, upon which tariff reductions up to 50 percent are proposed, are competitive farm and ranch products. That fact alone should be sufficient to cause all who are interested in the farmer's welfare to stop, look, and listen. No wonder that those charged with cramming this indigestible thing down the farmers' throats thought best to lay off until Congress could be sent home.

There is no authority given to change excise taxes under the Trade Agreements Act, still excise taxes have been changed by Secretary Hull in these trade agreements, notably on oil in the Venezuelan agreement. In the hearings before the Ways and Means Committee, Secretary Hull, upon the insistence of the gentleman from California [Mr. GEARHART], refused to answer the question whether he felt himself limited by the provisions of the Trade Agreements Act in making these trade agreements, except to say he never answers any question yes or no. Apparently he does not feel himself bound, and will do as he jolly well feels like doing. After all, why not? It is true New Deal philosophy to utterly disregard the Constitution, and that they have done from the start.

FOOT-AND-MOUTH DISEASE

What Argentina really wants is to ship live cattle and fresh beef into the United States, and there may be those who do not believe that Secretary Hull wants to do the same thing. If he can, without authority, change excise taxes, if he is not bound by the limitations of the Reciprocal Trade Act in making these agreements, what is to prevent him from disregarding the provision of the Tariff Act of 1930 in this respect? He may absolutely ignore the fact that a sanitary convention pact is pigeonholed in the Senate. Let me warn you that such procedure, if not actually contemplated, is being considered. I just happen to know that recently statements, "feelers" perhaps is a better word, have been put out that Patagonia, at least certain provinces of Patagonia, were free of foot-and-mouth disease and should not be discriminated against. Patagonia is a part of Argentina, just as is the Corn Belt or the Texas Panhandle a part of the United States, and its boundaries are just as definite, but no more so.

Let me remind you that the tariff act specifically designates entire countries, and that under that provision no shipments of live cattle or fresh beef can enter this country until the exporting country has rid itself of foot and mouth, the most loathsome and deadly disease known to cattle. Let me remind you that every outbreak of foot-and-mouth disease that has occurred in this country has been directly traced to Argentina. It is hardly necessary to remind you of the terrific losses sustained by the finest dairy cattle in this country during the last outbreak, or of the fact that thousands of beef cattle and many thousands of deer had to be destroyed at one time in order to control this dread disease, and that foot and mouth, which must inevitably start if we lower the bars on Argentine cattle, is a threat to every cloven-hoofed animal, both domestic and game. This veiled threat is just another nightmare to the cattleman.

CANNED MEAT—HOW I HATE TO TALK ABOUT CANNED MEAT

Why lower the tariff on canned meat? Already the tariff is out of line with the fair rate of 6 cents on fresh meat, because it takes 100 pounds of dressed meat to make 40 pounds of canned. Therefore the tariff should be at least doubled. Press dispatches carried the information that Secretary Hull favored a lower tariff on this item. Scientific

attempts to handle the tariff have apparently been cast to the four winds. Small wonder that the farmer feels himself utterly abandoned, a stepchild, if you will, of this administration.

Under the existing tariff, 85,862,876 pounds of canned beef entered the United States during 1939, an increase of 7,265,896 pounds over 1938. I wonder if you really realize what that figure means. Translated into terms of cattle on the hoof, roughly 143,000 wild-eyed, long-horned, tin-can cows stampeded through the 6-cent tariff wall to our shores during the past year. For good luck and for good measure, you can add another 10,000 head in the forms of smoked, pickled, cured, and dressed.

Again I ask, Why lower the tariff? Not only canned beef, but hides, dog food, fertilizer, and practically all other remaining parts of the blooming critter are to be admitted under the pending agreement with Argentina.

Perhaps we do need more canned beef in this country but, if so, it is because of the President's superb sales talk for the foreign product. It is interesting to note the effect of his pronouncement that "Argentine canned beef was superior to the American brand" and suggesting that you take a can along so that your family could see for itself on the next picnic. Here is the story:

In June 1939 Argentina exported 2,440,202 pounds of canned beef. This was about the time of the President's sales talk. In July, 500,000 additional pounds were exported, and during August Argentina's exports reached an all-time high of 3,418,566 pounds—more than a million pounds increase in 2 months because of a few kind words by the President.

What happened to Uruguay? During the same period her exports fell off nearly 1,000,000 pounds, and that is exactly what happened in Brazil and Paraguay also. Talk about these trade agreements preventing war! Not in this case. We may have established friendly relations with Argentina by boosting her products; but if so, we made enemies of Brazil, Uruguay, and Paraguay.

What this country needs now is a supersalesman who will do for America and American products what is now being done for foreign countries and foreign products. We want a wagon boss, a round-up foreman who is 100 percent for our outfit, one who believes and will broadcast to the world the superiority of the American product, no matter what it is.

WOOL

Several months ago I ran afoul of Assistant Secretary of State Grady during a broadcast over the Government-controlled Department of the Interior station in the Department of Interior Building. This man Grady questioned my statements regarding wool. So, in all fairness, I give you the same statement and figures.

In 1937 we in Wyoming were receiving a nice price for our wool—32 cents to 33 cents per pound in the grease. Early in 1938 we heard rumors of a possible trade agreement with Great Britain, which, of course, meant wool. Recalling that Secretary Hull, the great free-trader, was still in the saddle, and that all other agreements had meant a substantial tariff reduction, the trade, naturally, assuming that wool tariffs would be lowered, became so jittery that prices fell, and we took a loss of at least 10 cents a pound on our 1938 clip. All this before the new trade agreement became operative. So here you see the psychology of the thing in full bloom. This jittery condition would not exist under congressional review, because the fellows back home would know that you were on the job and protecting their interests.

Wyoming produces some 30,000,000 pounds of wool, on which we took at least a $3,000,000 loss. The Nation as a whole produces some 425,000,000 pounds of wool, including pulled, so that the entire loss approached $45,000,000. This loss was occasioned entirely because of a proposed agreement with Great Britain.

Despite definite assurances to the contrary, a reduction of 50 percent was made on a certain type of wool, with the result that imports of this one item alone increased 785 percent in 1939 over 1938. True, this item is called wool rags over there and comes into the United States under that classification, but once here it goes through a garnetting machine, where it is broken down into its fiber and comes out wool and does replace just that amount of American wool which otherwise would be used. True, the fiber is broken and the wool is none too good—as you will learn when we discuss truth in fabrics—but, nevertheless, it becomes a part of that inferior wool which has replaced virgin wool to such an extent that today less than 50 percent virgin wool is contained in materials sold as 100-percent virgin wool.

Yes; they are wool rags over there, because as such they can take advantage of a tricky tariff provision; but once here and with a little doctoring they become wool—and the wool grower takes a double loss. First he sees his 18-cent wool protective tariff cut in two; and once cut in two, he sees the ragged things show up here all shiny and bright to compete with and take the place of the virgin wool which he produces. Woolen rags are only part of the story. Other wool items are juggled in the same way—tariff greatly reduced and increases of 164 percent to 434 percent in imports in 1939 over the 1938 figure for these products, all of which compete with our products.

Yes; the American farmer and rancher feels himself to be the stepchild of this administration. He is being robbed of his home market through unfair tariff reductions and asked to content himself with an all-day sugar-coated sucker in the form of certain benefit payments. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, let me first lay at rest two fallacies promulgated by the gentleman who has just taken his seat and who declined to yield for a correction, the claim that the reciprocal treaties are responsible for a decline in our exports and the even more untenable charge that the trade-agreement program has brought about a reduction in the income of the cattle industry.

First, the fact that exports have declined and the citation of statistics showing that decline is no more reason to conclude that the decline is brought about by the trade treaties than any other contemporary event. The gentleman's attempt to correlate the two is one of those common errors classified by Bacon more than 300 years ago in his Idols of the Market Place. The real test of the effect of the trade treaties on exports is easily demonstrated, however, when you compare the volume of exports, first, to countries with which trade treaties have been negotiated and, second, to countries with which trade treaties have not been negotiated. That is the real criterion, and not merely the question as to whether there has been a decline, which may have been caused by any number of coincidental factors.

Let us compare the volume and trend of exports; first, to the trade-agreement countries with the export volume and trend of exports, second, to the rest of the countries with which we have no trade agreements. Fortunately, this data is reported by the Bureau of Agricultural Economics, February 1, 1940, quoting the agricultural situation, issued by the United States Department of Agriculture, volume 22, No. 12, contrasting the export situation in the 16 countries in which agreements were in effect by August 1937, as follows:

United States foreign trade with trade-agreement countries and with other countries [1]

	Year ended June 30—			
	1935–36	1938–39 [2]	Increase (+) or decrease (−)	
			1938–39 over 1935–36	
United States (domestic) exports:	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
Of all commodities:				
To the 16 countries	805	1,099	+294	+37
To all other countries	1,570	1,786	+216	+14
Of farm products:				
To the 16 countries	186	214	+28	+15
To all other countries	580	469	−111	−19

[1] Belgium; Brazil; Canada; Colombia; Costa Rica; Cuba; El Salvador; Finland; France, including her colonies, dependencies, and protectorates other than Morocco; Guatemala; Honduras; Haiti; Kingdom of the Netherlands; Nicaragua; Sweden; and Switzerland.

[2] Preliminary.

In other words, our farm exports to those countries with which we had trade agreements increased 15 percent, while our farm exports to all countries with which we did not have trade agreements decreased by 19 percent. It is so plain that even the wayfaring man may read.

Now, as to the oft-repeated calumny that the trade agreements have reduced returns from the cattle industry. In 1929, just before the Hawley-Smoot tariff was imposed, the income—cash income—to the cattle industry was, in round figures, $1,500,000,000. What was the effect of the Hawley-Smoot duties on the industry? Under the restrictive rates of Hawley-Smoot Act and the retaliatory measures it provoked, the cash income from cattle shrunk from $1,500,000,000 in 1930 to less than half a billion dollars in 1933. And what has been the effect of the reciprocal treaties on the income from the cattle industry? It has risen from less than half a billion dollars in 1933 to $1,144,000,000 in 1938. Under excessive tariffs the income from cattle dropped from approximately one and a half billion dollars to half a billion dollars. And under the trade agreements the income from cattle rose from half a billion dollars to $1,144,000,000. Could anything be more conclusive and convincing than the actual experience of the cattle industry under the two systems at issue here today? "The proof of the pudding is the eating thereof."

And, more pertinent still, the price of cattle has been above parity every month in 1939. It is the only agricultural product that even reached parity in 1939, and it stayed above parity every month in the year. Why, the goal of the entire agricultural program of the Congress and the Department of Agriculture and all the farm organizations is only three-fourths of parity, and here is an industry that not only attained the goal of three-fourths of parity, but, alone of all the agricultural industries, actually exceeded parity every month in the year. And yet these gentlemen have the assurance to come in here and complain that the treaty agreements are ruining the cattle industry. They would do the very same thing if cattle were bringing 10 times parity and they thought there was any political capital to be made out of it.

Let us go a little further into this situation.

BEEF-CATTLE PRODUCERS AND THE TRADE-AGREEMENTS PROGRAM

American cattle producers, since the reciprocal trade agreements program was inaugurated in 1934, have seen their annual farm cash income from cattle go from less than half a billion dollars in 1933 to $1,144,000,000 in 1938. Estimates based upon receipts at public markets and federally inspected slaughter indicate that the 1939 income will be in the neighborhood of $1,250,000,000, the highest since 1929.

The United States average farm price of beef cattle has risen from $3.63 per hundred pounds in 1933 to $6.87 per hundred pounds in 1939. In only 1 year, 1937, since 1929 have prices been higher. Throughout 1939 the prices of beef cattle have been at or above parity.

Reciprocal-trade agreements, by strengthening foreign-market opportunities for American products, have played a large part in this improvement of American cattlemen's incomes and prices. When American industrial workers and city dwellers have jobs and incomes they are customers for beef. American beef prices and income depend more upon the buying power of consumers than upon any other one factor.

In 1939, 5 years after the trade-agreements program was inaugurated, the total exports of merchandise from the United States had risen from the 1932 level of $1,611,000,000 to $3,177,000,000. Some five and one-half million more nonagricultural workers had jobs, and the index of the income of industrial workers had risen from 46 percent of the 1924–29 level to more than 80 percent of that level.

Trade agreements helped to create employment in producing and handling goods for export and in providing the buying power for American customers in the domestic market for beef.

In 1939 there were relatively large imports of cattle from foreign countries and of canned beef. This fact has been misrepresented as a threat to the American cattle industry, brought about by the lowering of American tariffs through trade agreements. There is no truth in such an assertion. Imports of cattle have been attracted into the United States by favorable demand and price conditions, and have not depressed the price that American cattle producers have obtained for their beef nor deprived them of any part of the domestic market. The facts about prices and incomes already given prove that.

Tariff reductions on live cattle, made under the trade agreement with Canada, apply only to limited quotas of certain classes of cattle. These quotas are too small to permit imports under them, at the reduced rates of duty, to affect the United States price of beef cattle.

Well over half of the live cattle imported into the United States in 1939 were not eligible for the reduced duties and paid the tariffs imposed under the Tariff Act of 1930. These are cattle weighing from 200 to 700 pounds each, on which no duty reduction has been granted. They make up the greater part of the increase in imports over 1938 and came principally from Mexico, whereas most of the cattle admitted at reduced duties came from Canada.

No tariff on fresh, chilled, or canned beef has been reduced in any trade agreement. There is practically no production of canned beef in the United States and this product does not compete with American fresh beef.

Cattlemen of the United States have benefited throughout the life of the trade-agreements program, from the improvement in their domestic market which it has brought about by contributing to greater industrial activity, employment, and buying power among American consumers. They have not been injured by imports of cattle from other countries which have been attracted into the United States—principally over the 1930 tariff wall—by favorable market conditions in this country.

Let us turn now to another phase of the question that has been the subject of discussion in this debate:

CORN-HOG FARMERS AND THE TRADE-AGREEMENTS PROGRAM

Corn Belt farmers occupy a foremost place among the economic groups in the United States who benefit by reciprocal-trade agreements. Because droughts in 1934 and 1936 cut down American supplies of hog products, these benefits did not immediately show up in the form of larger volumes of exports. But with recovery in hog production to a record level in 1939, the foreign-market opportunities which had been improved through the trade agreements became doubly important.

Corn-hog farmers in 1933, the year before the inauguration of the trade-agreements program, saw the United States average farm price of corn drop to 36.5 cents a bushel and that of hogs to $3.53 per hundred pounds. In 1939 the average United States price on the farm of hogs was $6.37 and that of corn was 47.6 cents a bushel.

Since 1934, 18 trade-agreement countries have either reduced or abolished their tariffs and other restrictions on American pork and lard. The United Kingdom abolished entirely its preferential duty of 10 percent ad valorem on lard from the United States, and greatly increased its quotas for imports of ham, bacon, and shoulders from the United States. Canada made sweeping reductions in its duties on American hog products. Cuba, among other important customers for American lard, made wide reductions in her tariffs and taxes on that product.

The effect of the concessions is unmistakable. United States exports of pork, bacon, and hams in 1939 totaled 129,542,000 pounds, or 34,000,000 pounds more than in 1938. In spite of the wartime restrictions imposed by the British toward the end of 1939, their imports of American hams and shoulders were three and one-half million pounds higher than in 1938, before the United Kingdom agreement went into effect. They increased their purchases of American fresh and frozen pork by 300,000 pounds and their takings of American bacon nearly a million pounds. They more than doubled their imports of Cumberland and Wiltshire sides and increased their purchases of all other forms of American pork products.

Canada took 303,000 pounds of fresh and frozen pork from the United States in 1935, the year before the first Canadian agreement went into effect, in which she made concessions on

American pork products. In 1939, after making even more substantial concessions in the new agreement, she imported from the United States 21,066,000 pounds of fresh and frozen pork, nearly 70 times as much as in 1935. She imported 10 times as great a volume of ham and shoulders in 1939 as in 1935, and raised her bacon imports from 41,000 pounds in 1935 to 1,317,000 pounds in 1939.

Cuba imported 24,295,000 pounds of American lard in 1935, the first year after the signing of the Cuban agreement. In 1939 she had increased her takings to 55,431,000 pounds. Belgium took more than 8,000,000 pounds of American lard in 1939 as against preagreement imports of less than a million. Sweden jumped her imports of American lard from 91,000 pounds in 1935, the year the agreement with that country was signed, to more than three and three-quarters million pounds in 1939.

Largely as a direct result of concessions obtained through the trade agreements, United States total exports of lard rose from 97,360,000 pounds in 1935 to 277,271,000 pounds in 1939.

HOW PROTECTIVE TARIFF SYSTEM PENALIZED AMERICAN FARMERS

Opponents of the trade-agreements program repeatedly have charged that this program has "sold American farmers down the river." Nothing could be further from the truth. Not only have they utterly failed to substantiate this charge, but the facts show impressively that agriculture has been helped and not injured by this program, as I expect to show later.

The truth of the matter is that American agriculture was really "sold down the river" under the old protective tariff system. For a long time farmers were led to believe that the protective tariff system was their salvation. Farmers saw how industry used the protective tariff to maintain their domestic prices above the world level and they quite naturally wanted some similar help to improve farm prices. So they tried out the tariff—and they went the limit—they tried it to the *n*th degree, only to be bitterly disillusioned.

When the World War closed American farmers suffered a terrific blow from which they have not yet fully recovered. Within a comparatively few months farm prices were cut in half by the terrible deflation of agriculture. The tariff was held out to them by the Harding administration as the way of salvation. Farmers tried it in the Emergency Tariff Act of 1921 and again in the Tariff Act of 1922, but for every increased rate that farmers got, industry got many, many fold.

Farmers soon found that these increased tariffs did not solve their fundamental problem. Indeed it made it worse. The producers of our great basic farm commodities began to see that the protective-tariff rates on the crops produced for export were largely "paper" tariffs; they were of little or no effect so far as their influence on the farmers' prices were concerned. Why? Because farmers were not organized as industry was in giant corporate monopolies which could control the production and control the price of their products behind the tariff wall and dump their surpluses abroad at lower prices. Agriculture could not do this; farmers producing these products had to sell their products at the world price. They had no sheltered market. They still had to sell their products in competition with the whole world. They now began to see hollowness of the old protective-tariff slogans, the barrenness of the political promises that American farmers were going to be protected against foreign competition.

The farmers' tariffs on these export commodities, especially, were of little or no effect, yet the farmer had to buy the goods of industry at prices highly subsidized by protective tariffs. The farmer sold his goods in a free market but bought the goods of industry in an administered, protected market.

Angered by this indefensible situation American farmers got behind the McNary-Haugen bill. That is why farmers fought so intensely for this legislation. They said, "Tariffs for all or tariffs for none." That was the rallying cry of the American farmers back in the 1920's under the Fordney-McCumber Tariff Act and during the era of Coolidge prosperity.

The American farmers have not forgotten the suffering they endured during that period, which crucified American agriculture upon the altar of a false industrialism. They have not forgotten that this battle was made necessary because of the penalty of the American protective system upon the farmer. Had it not been for the injustice and inequity of this tariff system for agriculture, there would have been no McNary-Haugen bill. Had the tariff been the salvation of the farmers' troubles, had it protected the farmers' prices in the domestic market as its advocates promised the farmers, there would have been no McNary-Haugen bill.

Farmers have not forgotten the terrific struggle that it took to break down the shackles of the protective tariff system to such an extent that Congress would enact the McNary-Haugen bill, which sought to equalize the position of agriculture under the tariff system. Many of the same people who are today fighting the trade-agreement program are those who were bitter opponents of this legislation during the 1920's.

Farmers have not forgotten either how Congress twice passed the McNary-Haugen bill to offset the penalty of the tariff system on agriculture only to have the bill vetoed by President Coolidge. It was all right for industry to be subsidized by enormous tariff subsidies paid for by consumers, but it was all wrong to give American farmers compensating assistance through the equalization-fee tax of the McNary-Haugen bill. That was the philosophy of the days of "Coolidge prosperity" to which some Members of this House would proudly point back to as a "golden era."

American farmers have not forgotten what they suffered during that period. All during that period they were exchanging their products for industrial goods on an unequal basis. This gradually sapped away the purchasing power of the 30,000,000 people living on farms and the 22,000,000 people living in rural towns and villages, until it at last reached into the great citadels of American industry, closing factories and offices and throwing millions of workers out of employment.

After the McNary-Haugen bill was vetoed twice by President Coolidge, farmers carried their fight to the national political conventions in 1928. They will not soon forget how they were humiliated and rebuffed at the Republican convention in 1928 when Herbert Hoover was nominated. The McNary-Haugen bill was rejected by the Republican Party, yet all it sought to do was to bring the American farmers within the protective tariff system on an equal basis with industry. The arch proponents of the protective tariff system for industry were the arch enemies of the McNary-Haugen bill.

The distinguished Member, the gentleman from New York [Mr. CROWTHER] recently had the courage to admit during the hearings before the Ways and Means Committee that it was inconsistent for a protectionist to oppose this bill. He said:

> And they say open confession is good for the soul. I think I made a serious mistake back there in the McNary-Haugen days, and I failed to live up to my policy of being a consistent protectionist when I voted against the McNary-Haugen bill, and I have always regretted that vote. I simply let my prejudice get the better of my judgment, and I voted against that bill.

Today we are witnessing a similar tragic mistake being made by many Members of this House in opposing the trade-agreements program which is seeking to bring order out of chaos in world trade, to restore our foreign outlets for farm and industrial products, to improve the purchasing power of farmers and industrial workers, to save the country from the extremes of regimentation into which other nations have been forced by extreme nationalistic policies. Again they are blind to the economic consequences that their extreme policies of nationalism would bring to farmers and to the country, blind to the tragic consequences that would result if farmers were to be restricted to the home market alone, blind to the extreme regimentation that would be necessary to enforce some of the substitute proposals that are being advocated here—the barter schemes, and so forth, would ultimately require the most extreme forms of governmental controls over industry and agriculture.

But again, I want to resume the story of how the American farmers were led up the blind alley of protectionism. In 1928, farmers were denied their own remedy, the McNary-Haugen bill, and were offered instead another upward revision of the tariff and the Federal Farm Board plan.

Again farmers tried out the protective tariff system to solve their price problem—to give them an American price in the American market. President Hoover called Congress into special session to enact limited revision of the tariff and the Agricultural Marketing Act. In his call President Hoover asked for a limited revision primarily to aid agriculture. But what happened? Was it a limited revision to aid agriculture? No; Congress swung wide the doors and opened up the act to a sweeping revision. Hundreds of lobbyists swarmed to Washington. The hearings of the Ways and Means Committee alone occupied 17 volumes of testimony. Every special interest group in the country seemingly wanted to get in on the tariff gravy while the getting was good.

America, like so many of the other nations of the world, was swept by a wave of intense nationalism, raising tariff barriers to dizzy heights, which paralyzed world trade.

What were the results? For every increase agriculture got industry got many times as much, just as she always did in such bills. But that is not the worst of it by any means. A great many of the rates on farm products had little or no effect on farm prices and were therefore meaningless.

But our action in boosting our tariffs on hundreds of foreign commodities to such excessively high levels caused a world-wide resentment. Foreign nations retaliated against our exports. No group in America suffered more than the farmers. Some of our best customers put up their tariffs against our farm exports and imposed quota restrictions which greatly reduced our farm exports.

How could American farmers sell wheat to Germany, France, and Italy, who formerly were among our best customers, when these nations boosted their tariffs to more than $1.50 per bushel? How could American hog producers sell lard to Cuba when that country, angered by our higher tariff on sugar, retaliated by raising the duty against our lard to more than $9 per hundred and levied a consumption tax of 10 percent in addition. She also raised her tariffs against our wheat flour and other products. We used to sell substantial quantities of eggs to Cuba and Argentina, but due to their tariffs and other restrictions we lost these markets almost entirely. Our exports of lard dropped to 10,000,000 pounds in 1934, due to these trade barriers. We lost heavily in our exports of flour to Cuba and to European nations.

The worst blow came when Canada, Australia, and New Zealand, also angered by our 1930 Tariff Act, persuaded Britain to adopt the system of Empire preference in 1931, under which Britain, our principal market for food products, levied tariffs against our farm exports while admitting competitive products from her dominions free of duty or at lower rates. This dealt a severe blow to our exports of wheat and flour, beef, lard and pork, apples, tobacco, and other American farm products.

As a result of these increased trade barriers abroad, American farmers lost their foreign outlets for large surpluses of farm products to a very large extent. The total value of our farm exports dropped from $1,495,000,000 in 1929 before the Hawley-Smoot tariff to the lowest point in over a quarter of a century, $589,000,000 in 1932; and our farm exports continued at a low level through 1934 before the trade-agreements program was inaugurated, when they totalled only $668,000,000. Our farm exports not only dropped terrifically in dollar value but also in actual quantities sold—the index of quantities of our principal agricultural exports dropped from 117 percent of pre-war in 1928 and 97 percent in 1929 to a low of 54 percent in 1934, the year when Congress decided to try the trade-agreements program.

These enormous quantities, formerly sold in export markets, then backed up in our domestic markets until in 1932 and 1933 American farmers were buried under the weight of enormous surpluses which could not be sold even at ruinously low prices—a record carry-over of over 400,000,000 bushels of wheat, and 2-year supply of cotton. These enormous surpluses wrecked the prices of farmers in the domestic market.

What good did the tariff of 42 cents per bushel on wheat do the American wheat grower then, when his wheat was only selling for 20 to 30 cents per bushel in the Wheat Belt? What good did the tariff of 25 cents per bushel on corn do the American corn grower when he was only getting 10 to 15 cents per bushel for corn, and some farmers were burning their corn for fuel because it was so cheap and they had too much of it that could not be disposed of except at such ruinous prices? What good did the tariff of $3 per hundredweight on hogs do the hog grower when hogs were only bringing him $2.60 and he had lost the markets abroad for the equivalent of millions of hogs?

Even the producers of deficit crops—those having no exportable surpluses—came to grief, too, under the protective-tariff system. The dairymen, the cattlemen, the sheepmen—all had been led to believe that the protective tariff would protect their domestic market and safeguard their price structure. But did it save them in the hour of their greatest need? What good was the 14-cent tariff on butter when dairymen were only getting 15 cents per pound for butter? What good was the 34-cent tariff on raw wool when the wool grower was getting only about 9 cents per pound?

Such were the tragic consequences to American farmers who put their trust in the protective tariff system. If ever a group was "sold down the river," if ever a group was flimflammed and led up a blind alley, it was the American farmer under the old protective system, as it was preached and practiced in the "golden age" of Coolidge-Hoover prosperity which exalted industry at the expense of agriculture.

It was no wonder that farmers revolted by the millions in 1932 and threw off the shackles of economic tyranny which had been forged upon American agriculture by this false protective system. It was a movement above party and beyond party. It was a movement to save the Nation from utter economic collapse and bankruptcy.

Farmers were told in 1921 and again in 1922 that the tariff would save them. Then again in 1930 they were told the tariff would save them and save the Nation—put a chicken in every pot, a car in every garage, a full dinner pail for the workingman, and so forth. But instead it shut farmers out of export markets, piled up enormous surpluses which wrecked domestic prices, and played a major part in bringing agriculture and the Nation to the brink of ruin.

The farmer had been told that his home market would be protected, but the result of these policies was to wreck his home market.

That is what the opponents of the trade-agreements program are getting ready to do again, if they have their way. They are again promising the American farmer that if he will follow their lead, they will protect his home market. They will shut out these alleged floods of imports from abroad and give the American farmer the benefit of the home market. What they would really do, if their policy is carried out, would be to again wreck the farmers' home market. Their restrictive-trade policies would again invite retaliations against our farm products, wipe out the hundreds of concessions we have gained through trade agreements, and again our surpluses would back up in our home markets to wreck farmers' prices in the home market.

They advocate shutting out imports of farm products. Suppose we did this, what would be the result? If we shut out all competitive agricultural imports in 1938–39, we would make a domestic market for the equivalent of only 7,564,000 acres of land in the United States to produce this equivalent amount of farm products. But in order to do this, we would risk losing the equivalent of 28,375,000 acres of land devoted to the production of export crops during that year. Which is more important to farmers, the 28,000,000 acres devoted to exports or the 7½ million acres represented by agricultural imports?

Would it be good business or common sense for farmers to lose markets for 28,000,000 acres in order to shut out the products of 7,500,000 acres?

Farmers have already had a bitter dose of what that kind of policy meant under the Hawley-Smoot Act. They were told that that act would protect their domestic market, but what did it do? From 1928–29 to 1933–34, under that act, the United States reduced competitive agricultural imports in an amount equivalent to the production of 2,900,000 acres, but we lost during that same period farm exports which were equivalent to 21,000,000 acres. In other words, under the Hawley-Smoot protectionist policy, the American farmers lost more than seven times as much as they gained.

Despite the relief that has been afforded under the trade-agreement program, farmers are still paying a heavy penalty under the tariff system. The Department of Agriculture recently estimated that the total cost of the tariff duties on 1935 imports of products the farmer consumes would have cost American farmers $681,000,000 or $108 per farm family, if the tariff duties were fully effective.

The gentleman from Texas, Congressman MARVIN JONES, placed in the record of the hearings of the Agricultural Committee the other day some data obtained from the United States Tariff Commission which showed that the total value of manufactured goods enjoying tariff duties amounts to about $50,000,000,000 and that the average ad valorem equivalent duty is about 36 percent. Assuming, he said, that the duties, on the average, are only 50 percent effective, this would mean a total annual cost to farmers and other American consumers of $9,000,000,000—that is what the protective-tariff system costs consumers.

If farmers only pay 12 percent of that cost, it amounts to an annual cost to agriculture of more than $1,000,000,000. Yet when the farmers come to Congress and ask for appropriations for parity payments to bring farmers up even part way to parity—to equalize even part of this disparity caused by the tariff and other monopolistic instruments—they are opposed by the very people who want to perpetuate this subsidy to industry at the expense of American agriculture.

Yet these same leaders are posing as the friends of the American farmer. They are inviting the American farmer to follow their leadership, promising him the same old shibboleths that wrecked the farmers' prices and his incomes in 1932. They are calling upon the American farmer to walk up the same old blind alley that he did in the 1920's and early 30's. They are repeating the old slogans of those bitter days when American agriculture representing one-fourth of our people and producing the basic wealth of the Nation, had to come to pick up the crumbs from the table like the beggar Lazarus of old.

I do not believe the American farmer is going to be so easily fooled today. He has suffered too much, and the memory of those terrible days is still too fresh in his mind.

The farmers of America have their eyes opened at last to the inequities of the tariff system as it was formerly operated. They know that the trade-agreements program, instead of hurting them, has helped them by restoring some of their foreign outlets, that it offers the opportunity to regain further exports outlets, that it has safeguarded their domestic markets from excessive imports that would injure their prices, that it has given them a better domestic market by removing the pressure of surpluses on these markets, and by increasing the purchasing power of industrial workers for farm products. They would rather have 90 percent of a good home market than 100 percent of a bad home market.

TRADE-AGREEMENTS PROGRAM HAS HELPED RATHER THAN HURT AGRICULTURE

In a desperate effort to discredit, if possible, the beneficial effects of the trade-agreements program, and to prejudice, if possible, American farmers and the public against this program, its opponents have engaged in a persistent and most astounding campaign of misinformation, half-truths, partial truths, and some of the most absurd conclusions.

The fact is they have yet failed to make out a case for a single branch of agriculture that has been hurt by this program. All they have been able to do is to issue charges that this industry has been hurt and that industry has been hurt, but when pressed for the evidence it cannot be successfully produced. It will not stand the light of factual analysis and impartial study.

The opponents of this program continually harp upon the "floods of imports," but upon actual examination of the facts, they often prove to be but a mere trickle instead of a flood. Taking agriculture as a whole, let us see first what the facts show. The American farmer enjoys the same percentage of the American market today that he enjoyed in 1933 and 1934, when imports were at a record low level—the same percentage he enjoyed before the trade agreements were inaugurated. He enjoys a larger percentage of the domestic market than he did in 1924–29, during the so-called Coolidge prosperity. United States Department of Agriculture figures show that the percentage of the American market enjoyed by farmers in 1938 was 93 percent, compared with 93 percent in 1933 and 1933 and 90 percent in 1924–29.

The Department's statement also shows that during the past 15 years our domestic agricultural exports have averaged $1,346,000,000, whereas competitive imports have averaged $718,000,000. If we had gone on a strictly nationalistic basis during this period, it would have cost the American farmer $528,000,000 per year.

What is the truth about the effect of the trade-agreements program upon American agriculture?

The American Farm Bureau Federation, the largest and most representative farm organization in the United States set out recently to get the facts to answer this question. They wanted facts and not political propaganda or personal prejudices. So they went to one of the leading agricultural colleges in the United States, in the heart of agricultural America, the Iowa State College. They asked the college to have its economics department make a thorough study to get the facts about this program.

Such a study was made by this department under the direction of the distinguished economist, Prof. T. W. Schultz. It is printed in the hearings of the Ways and Means Committee. What did this study show?

It showed that the net effect of this program had been helpful rather than harmful to agriculture. The supporting data for this conclusion is given in great detail in the reports submitted by Dr. Schultz, analyzing the various agreements.

On the basis of this careful, factual study and other data available to it, this large organization of farmers at its annual meeting in Chicago in December 1939, attended by voting delegates representing farmers in 39 States, about 1,800 county farm bureaus, and about 15,000 community units, and representing approximately 1,500,000 individuals in its membership, went on record without a dissenting vote favoring the continuance of the Trade Agreements Act. I quote the resolution adopted, as follows:

TRADE-AGREEMENTS POLICY

Recognizing the fact that our tariff policies had failed to protect the domestic price of basic farm commodities generally produced in surplus volume in this country, and further that such policies had contributed to the disparity that had developed between farm prices on the one hand and industrial prices and wages on the other, the American Farm Bureau Federation in 1934 authorized its board of directors to support legislation permitting the negotiation and consummation of reciprocal-trade agreements with other nations; insisting, however, that in negotiating such agreements no concessions be made which might have the effect of reducing or holding the domestic price of any agricultural commodity below the parity level.

The federation recently sponsored a study by recognized economists of the economic effects of all important existing trade agreements. This study seems to reveal that there has been a substantially larger increase in exports to agreement than to nonagreement countries, and that there has not been any appreciable difference in the percentage of increase in imports from agreement and nonagreement countries.

Many factors have no doubt contributed to this increased trade, including our gold policy and a general upturn in world business. From all facts thus far available, it appears that while the greatest portion of increased exports has been in industrial products, from which agriculture has only indirectly benefited, yet this study, together with other information available to the federation, reveals that the net effect of the agreements has been helpful rather than hurtful.

In giving our support to the continuance of reciprocal-trade agreements we renew, with increased emphasis, our demand that no agreement be consummated the effect of which might be to force or hold domestic prices for any farm commodity below parity level. Any other course would justify the condemnation of and opposition to such agreement by all agricultural groups.

We further insist that in the negotiation of trade agreements economic factors be given consideration equivalent to the weight accorded to the factors of diplomacy and statecraft. To this end we urge that the Reciprocal Trade Act be amended to provide that no agreement be consummated unless unanimously approved by the Secretaries of State, Commerce, and Agriculture.

Not only did the Farm Bureau convention have the benefit of these factual studies, but on its program it listened to both sides as it was presented by Secretary of State Cordell Hull, who defended the program, and Senator ARTHUR CAPPER, who criticized the program.

The farmers then, in the light of all the facts, made up their minds. The farmers are doing their own thinking. They are not going to be hoodwinked by false propaganda and distorted statistics.

Furthermore, the farmers in the main, are convinced, I believe, that they have much more to gain through trade agreements than by going back to the old logrolling tariff methods under which they got traded out of their shirts.

Six years of trial of this program has convinced the rank and file of farmers that the farmers' welfare is going to be safeguarded and promoted under this program. In this connection, I want to quote from the testimony of Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, before the Ways and Means Committee:

What are the facts on which the position of the American Farm Bureau Federation is based?

Have American farmers been hurt by increased imports? The facts show that the volume of agricultural commodities from trade-agreement countries has not increased to any greater extent than the volume of such imports from nonagreement countries. Furthermore, the total volume of all competitive farm imports is substantially less under the present trade-agreement program than it was during the period 1924–29. Careful analysis fails to disclose any measurable injury to American agriculture chargeable to trade agreements.

The State Department has wisely pursued a cautious policy in making concessions to other nations, frequently resorting to quota restrictions to protect our domestic markets against excessive supplies of imported commodities. Furthermore, Secretary Hull, in his address at the American Farm Bureau annual meeting, gave his own personal assurance of his deep concern in the welfare of farmers and his intention to safeguard and promote their welfare. He said:

"Let me say to you in perfectly plain language that if there were the slightest suspicion in my own mind that farmers in this country were being hurt rather than helped by the trade-agreements program I would be the first to favor dropping it. But the facts tell a different story."

Subsequently President Roosevelt, responding to my letter transmitting our resolutions on the trade-agreements program and the Argentine agreement, also gave definite assurance that the welfare of agriculture would continue to be zealously safeguarded. His letter reads as follows:

"Thank you for your letter of December 15, 1939, enclosing the summary of a study made by Dr. Schultz, of Iowa State College, of the effects of the trade-agreements program upon agriculture.

"The results of this careful and unbiased study afford a perfect illustration of what happens when the reckless and irresponsible charges that have been made against the trade-agreements program are properly sifted and exposed to the test of facts. Every effort has been made, and will continue to be made, to safeguard the interests of agriculture.

"The evidence that agriculture has been helped rather than hurt by this program seems unanswerable; and I congratulate you and the American Farm Bureau Federation for the splendid stand which you took on this vital question at your recent annual meeting in Chicago."

Since these assurances were given an announcement has been made of the abandonment of the proposed agreements with Argentina and Uruguay, due to the insistence of our Government upon adequate safeguards to protect our farmers, especially on flaxseed and canned beef, and the refusal of Argentina to accept an agreement containing such safeguards. The willingness of our Government to scrap these agreements rather than sacrifice the welfare of our farmers is greatly appreciated and is ample evidence of the good faith of both President Roosevelt and Secretary Hull.

Have American farmers been helped by increased exports of their farm products? The facts show that exports of farm products to trade-agreement countries from 1935–36 to 1938–39 increased 15 percent, while exports of farm products to other countries decreased 19 percent. Important concessions were made by Great Britain, France, and other countries on American wheat, American pork and lard, and a wide range of fruits, vegetables, and other products. This certainly is strong evidence of the effectiveness of these agreements in restoring our export trade.

Despite the conclusive evidence to the contrary, we continue to hear these repeated charges by enemies of this program that it has injured American farmers. I challenge them to demonstrate any measurable injury to any branch of American agriculture that has resulted from this program.

Oh, yes; they can make reckless charges that this program is responsible for the price of hogs today, as one Member did here a few days ago, even quoting my speech on the floor of the House which I made during the consideration of the agricultural appropriations, as constituting proof of the damage wrought by the present program. It is not the trade-agreement program which is responsible for the present price of hogs; it is the surplus of hogs. The truth is that the trade-agreement program has helped relieve this situation.

For example, under the Cuban trade agreement the duty against our lard was reduced from more than $9 per hundred to about $1.50 and the 10-percent consumption tax was removed. As a result our sales of lard, which had been reduced to about 10,000,000 pounds by the previously high duties, were increased to about 45,000,000 pounds—more than four times as much as we were previously selling. Cuba is our best customer for lard. That is a practical example of how the trade-agreements program has helped rather than hurt the hog farmer.

Likewise the wheat farmer has benefited from the reductions secured in Cuban tariffs on our flour, the concessions obtained from the Netherland agreement, the concessions in the British agreement, in the Brazilian agreement, and others. The wheat farmer had almost lost his export outlets entirely. Under this program he is getting them back, assisted also by the temporary export subsidy. The wheat farmer has a great deal at stake in the continuance of the trade-agreements program. What will the wheat farmer do when the European war ends, if he does not have this program to safeguard his foreign outlets for his surpluses? Yet there are Members of this House, who are sent down here to represent the welfare of wheat farmers who elect them, who are opposing this program which is so vital to their welfare.

Likewise the corn-hog producer has a great deal at stake. I have already cited the benefits gained by hog producers in the Cuban agreement. Corn growers have also gained increased outlets for corn as well as increased outlets for corn in the form of pork and lard. Yet corn growers have been fully protected in domestic markets. Back during the unprecedented droughts of 1934 and 1936, when we had a shortage of corn, the enemies of this program tried to make a great deal of capital over the increased imports of corn from Argentina. Farmers in the main did not get excited about it because corn was selling above parity prices. Farmers needed this corn and they were not worried about a little dab of imports—about as much as the production of one good Iowa corn county—so long as they were getting parity prices and more.

Someone made a speech on the floor here the other day bewailing the enormous, stupendous, colossal imports of tapioca starch and how that was hurting the corn farmer. Again let us examine the facts. It sounds like a huge amount to say that 600,000,000 pounds of tropical starches flooded our markets. The fact is that this would only provide a market for 20,000,000 bushels of corn—3 bushels of corn equal 100 pounds of starch—even if all imports were excluded and if cornstarch were substituted entirely.

Such would not be the case, as corn starch and tapioca starch are not fully interchangeable and each has some specialized uses. But in order to accomplish the substitution of corn starch for tapioca starch we would have to embargo tapioca starch from the Netherlands. The imports of wheat and wheat flour from the United States into the Netherlands during 1936 and 1937 amounted to nearly three times more in quantity and four times more in value than in 1934 and 1935. The proportion of the total value of Netherland imports of

wheat and wheat flour supplied by the United States increased from 10 percent in 1934–35 to 25 percent in 1936–37. Furthermore, Netherlands greatly increased her purchases of American corn; she also increased her purchases of our soybean cake, barley, and raw cotton from the United States. All of these gains would be jeopardized if we embargoed tapioca starch. American corn growers would lose more than they would gain.

What about the dairy farmer? Where has he been hurt? The imports of cream and fluid milk have been inconsequential. The imports of cheese have not been sufficient to injure domestic cheese prices.

What about the cattleman? His prices are now above parity. The imports of cattle from Canada are not hurting his price or his income.

What about the wool grower? His price is also at or near parity. He has not been hurt.

On the other hand, what are the positive gains to agriculture from the trade-agreements program?

Department of Agriculture data shows that exports of farm products to trade-agreement countries increased 15 percent, while farm exports to all other countries decreased 19 percent from 1935–36 to 1938–39. This is positive and definite proof that the trade-agreements program is working, and that it is bringing definite gains to American agriculture.

Secretary Wallace recently estimated that before the European war started, the trade-agreements program had brought about a net increase in the sale abroad of the products of 5,000,000 acres of American farm land.

Another positive gain to American farmers is the reduction of our excessive industrial tariffs which penalize farmers. Farmers and other consumers are definitely aided by these reductions.

Increased industrial exports have likewise provided increased employment for industrial workers and this in turn has provided a greater home market for farm products. This has especially helped the dairymen, fruit and vegetable producers, and livestock producers. Their incomes rise and fall very closely with factory pay rolls.

Mr. Chairman, in conclusion let me emphasize that the great market of the American farmer is at home, and the reciprocal-trade treaties have supplied employment for workmen in automobile, typewriter, and other factories which provided buying power to purchase farm products in the domestic market.

This service will become increasingly important with the close of the war when foreign nations will have neither money nor credit. They can buy only as they can sell their own products. Unless provision is made by trade treaties to meet this situation a paralysis will develop which will hold commerce immobile, and stagnation will spread again throughout America and the world. We must buy if we would sell. We must import if we would export. We must negotiate trade agreements or suffer again the economic collapse of 1932. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, the workers in the industries in my district have been very much hurt by these reciprocal-trade treaties, and I believe that the constituents of every Member of Congress, if they do not do so today, in the future are going to disapprove bitterly of Members further delegating powers away from themselves to the detriment of industry and agriculture. The Congress is the open forum for the voice of the people. I, as the Representative and the voice of my district, should have the right to vote and to fix tariff rates to protect the employment and the general welfare of my constituency.

Under these reciprocal trade treaties the tariff rates are adjusted in secret conference with agents of foreign countries by a Department of State official instead of in our open forum of Congress, where the voice of the people is represented and may be heard.

Mr. CROWTHER. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I shall vote against the extension of the reciprocal trade agreement law. When this law was passed in 1934 I stated that it was sponsored by the international bankers—those bankers who clipped coupons from foreign bonds—and the international manufacturers. These two groups are interested in clipping coupons and selling manufactured products to foreign nations. This at the expense of the American farmer and the American laborer. They are internationalists. They are more concerned with getting the almighty dollar than they are in the welfare of their own people.

I came to this conclusion in 1934 because of the lobbying of this international group. That same group is again lobbying here. It is flooding us with literature. It has made some converts among some farm leaders. But let me assure you that these farm leaders do not represent the farmers but do represent the Department of Agriculture. They are the pawns used by the Department of Agriculture to bolster up the Department of State in its horse trading with foreign nations.

I know that I represent the overwhelming majority of farmers and laborers of this Nation when I state that I am opposed to any reduction of the tariff on any agricultural or manufactured product that we ourselves can produce. Why should we make agriculture and labor the goat? Are not our farmers to be preferred to the landed barons of South America and other nations? Are not our laboring people to be preferred to the peon labor of South America or the coolie of China or Japan? Are not our people as a whole to be preferred to a few international bankers and manufacturers?

We have heard a great deal about logrolling, but I prefer that the Members of Congress representing the people of different sections of our country—different industries—roll logs in order to get justice for all sections and for all industries in the making of a tariff law than to have the Secretary of State, who believes that it is necessary to preserve Christianity and peace, sell our farmer and laborer in foreign market places.

I prefer logrolling to horse trading with foreign high jacking diplomats. This especially since our Department of State is now and always has been the poorest horse trader of them all. It generally trades off two or three good young colts and gets an old worthless nag in exchange. This in the name of peace and Christianity, but in reality for mass murder and destruction as far as Europe is concerned.

When did it become necessary for this Nation to buy or bribe other nations' Christianity or peace? Such a doctrine is not only lunacy but an insult to our intelligence and our dignity. It is on a par with the statements made here recently that we exacted a promise from Russia that she would not overthrow our Government if we would recognize her. When the day comes that such a promise is necessary in order that we may continue as a Nation then we had better fold our tent. Then as a Nation we are through no matter what the promise may be.

Secretary of State Hull has repeatedly made the statement that there were lobbyists against his so-called reciprocal trade agreements. I know that the Secretary is sincere but he is mistaken in the kind of lobbyists. The only kind of lobbyists I know of are those who are in favor of this resolution continuing this law. They are the international bankers and manufacturers who are willing to sell the American farmer and the American laborer for the almighty dollar, because of profits for themselves at the expense of the Nation.

One of these lobbyists is Norman Davis—the Secretary's ambassador at large—the sugar lobbyist. Norman Davis is the representative of the Chase National Bank, the Guaranty Bank & Trust Co., the Chemical National Bank, and the House of Morgan—should be the House of London. This is the same Morgan banking institution that by its financial juggling sold us into the last World War and is trying to sell us into this one. All of these institutions are located in the

city of New York. All make profits out of juggling and dealing in international debts, trade, and credit.

The law giving to the President the sole power of entering into reciprocal-trade agreements with foreign nations was passed in 1934, largely because the American Manufacturers' Export Association, financed by the Chase and City national banks of New York and by the international manufacturers, such as General Motors, the International Harvester Co., and others, through a well-organized lobby and publicity machine, succeeded in misleading the majority in Congress. These international bankers and manufacturers are more interested in their own selfish gain than in the welfare of this Nation.

The American Manufacturers' Association, the principal lobbyist for this law, was organized in 1905 and is located at 330 West Forty-second Street, New York City. This association told us in 1934 that foreign nations owed us $26,000,000,000 and that this would never be paid unless we permitted the balance of trade to go against us to that amount. But it forgot to tell us just how these foreign nations happened to owe us $26,000,000,000.

This association forgot to tell us that about $14,000,000,000 of that $26,000,000,000 was borrowed from our Government by "dead-beat" nations that refuse to pay. One of these nations boasts that it never broke a promise. But we have $4,500,000,000 of their broken promises in the United States Treasury. Let the State Department collect that $14,000,000,000 rather than to sell our domestic markets to nations of this class. The other $12,000,000,000 of that $26,000,000,000 consists largely of foreign bonds and debts that the members of the American Manufacturers' Association and the international bankers hold, and which they now expect the American farmer and the American laborer to pay indirectly.

Ninety-four percent of our trade is with ourselves. Our boundary line to this 94 percent is the Atlantic on the east, the Pacific on the west, the Canadian boundary on the north, and the Gulf of Mexico and Mexico on the south. Out of the 6 percent foreign trade between 2 or 3 percent consists of trading in international money and credit—stocks and bonds. Why should we give part of our domestic agricultural market away so that the international banker can collect on stocks and bonds and the international manufacturer sell his ware at the expense of the American farmer?

Why not develop our own market—the 94 percent? There are still millions among us in want and without purchasing power. It has been foolishly suggested that we loan the Latin American republics money to buy our manufactured products. Such a policy is unsound and irrational.

If we want to loan any money let us loan it to our own people. Then we will at least be dealing with ourselves. Our people will make better use of the loans and consume more of our products than Latin Americans. Why sell our farmer's market and our laborer's energy to foreign nations who are unable or unwilling to pay unless we give them credit? That policy should be a policy of the past, not of the future.

Because of mechanical inventions and chemical discoveries all nations have become more and more self-sufficient. This is especially true of the United States. Foreign trade is no longer essential to our welfare. There are still a few things that we cannot successfully produce, but we can always buy them in the world's open market, as long as we have the cash.

Why sell our farmer's market and our laborer's energy to foreign nations who are unable or unwilling to pay unless we give them credit or part of our domestic agricultural market? Is not that policy just as insane as the policy of destroying agricultural wealth in order to bring about the "abundant life?" Let us forget it. That policy should be a policy of the past, not of the future.

I am not opposed to trading with foreign nations—but rather as a matter of friendship than as a matter of diplomacy. Let us buy the few things we need from other nations in the open markets of the world without trade agreements. Likewise, let other nations buy what they need from us in the open markets. Let them buy what they need on the same terms and conditions that our own people buy. Let them pay with their own money. We ought to be through with financing other nations. The more than $14,500,000,000 of broken promises at the United States Treasury should be sufficient education for us.

Let us see what the facts are. During the last 7 years we imported from foreign nations $8,373,652,981 of agricultural products, substitutes, and manufactured products thereof. That is the foreign valuation. The domestic valuation would be over $16,750,000,000. That is what the consumer paid. That is what our own people should have received instead of foreigners. In place of the stupid curtailment and destruction of agricultural wealth it would require an additional 87,237,280 acres to produce sufficient agricultural products for our own people.

This would have been sufficient to have handed to every head of our 6,000,000 farm families a check for $2,790. That money would have done billions of dollars' worth of business in our own country. It would have kept the idle employed. It would have given buying power to the Nation.

During the 5 years that this reciprocal trade agreement law has been in effect we imported $6,189,997,000 worth of agricultural products and substitutes from foreign nations. Again, that is the foreign valuation. The domestic valuation would be $12,379,994,000—equal to a check of $2,063 for every one of our 6,000,000 farm families.

During the last 5 years we imported 2,335,273 head of cattle and 758,466,496 pounds of meat and meat products. This was equivalent to another 1,896,166 head of cattle—making the total importation of meat equivalent to 4,235,439 head of cattle in 5 years. These, our own people, should have raised, not foreigners.

Again, during the last 5 years, we imported $72,226,039 worth of dairy products. This was the foreign valuation. The domestic valuation was $144,452,077. Then, during these same 5 years, we invaded the poultry yards of the farmers' wives and imported $7,278,047 worth of eggs, mostly from China. These importations would have been far larger if it had not been that the Japs got in between us and China during the last 2 years. This again is the foreign valuation. The domestic valuation would be $14,556,093.

In 1939 we imported 753,570 head of cattle, 150,794,086 pounds of meat and meat products, 59,071,059 pounds of cheese, and 346,222,445 pounds of fish. The same is true of most other agricultural products. Again, in 1939, the imports of agricultural products were $450,000,000 greater than in 1932 and $300,000,000 more than in 1934—the year that this trade-agreement program was inaugurated—while our exports of farm products in 1939 dropped below that of 1932, or any intervening year. This in spite of our export subsidies.

When we get tired of figures, then, let us fortify ourselves by using our common horse sense, with pepper and salt added. Why should we insist upon trading with foreign nations just for the sake of trading? Why should we be foolish enough to loan money to foreign nations—money with which they promise to buy our goods but do not. Our experience tells us that in the end these nations will have both our goods and our money. Then the taxpayers will have to foot the bill.

These nations owed us $26,000,000,000 when this law was passed. That has now grown to $32,000,000,000. This in spite of the fact that the Secretary sold them our domestic markets through reciprocal-trade agreements. The Secretary now says that if we will continue this law, these nations will then be able to pay the $32,000,000,000. But this is a vain hope. Under the present policy of the State Department that $32,000,000,000 will grow to $40,000,000,000 or $50,000,000,000. Then when we stop being made fools of there will be real danger of our losing not only our peace but our Christianity as well.

In 1934 I opposed the bill giving to the President sole authority to enter into trade agreements with foreign nations because of apprehensions. I felt then that the so-called reciprocal trade agreements bill was unconstitutional. The Constitution provides that the President—

> Shall have power, by and with the advice and consent of the Senate, to make treaties, providing two-thirds of the Senators present concur. * * *

The law gives the President the right, by agreements with foreign nations, to reduce tariffs 50 percent. It attempts to take the power to advise and consent from the Senate and lodge the entire power with the President. I stated at that time on the floor that the result of passing the bill would be that our domestic agricultural markets would be traded or sold to foreign nations.

I now oppose the resolution extending the provisions of that law and continuing the sole authority in the hands of the President—the power to reduce tariffs 50 percent—because my apprehensions have been confirmed. The domestic agricultural markets of this Nation have to a large extent been bartered away or sold to foreign nations.

The so-called reciprocal trade agreements made under the provisions of this act would never have been entered into if the advice and consent of the Senators had been required. They have been entered into by the Secretary of State secretly and in star-chamber proceedings with foreign diplomats. No real opportunity to protest was afforded those who were opposed to trading away the American domestic markets to other nations in exchange for foreign importations.

A trade agreement is a treaty, and any attempt to deprive the Senate of the power to advise and consent to such an agreement is in violation of the plain English language of the Constitution. Even if we should attempt to ignore the plain mandate of the Constitution, I doubt the wisdom of this kind of legislation. I do not believe it will serve the best interest of the American people. After all, the 96 Senators, coming from 48 States, are in a better position to protect and safeguard the people of this entire Nation than is the President, who comes from one State—from a State whose industrial life largely depends upon and is devoted to trading in international merchandise and international finance.

The tariff in all of these agreements has been reduced at the expense of the American farmer and the American laborer. The American domestic market has been opened to the peasants, serfs, and peons of other lands. The products of the Tropics have been substituted for those of our Temperate Zone. We were told that the people knew nothing about the tariff—that their chosen representatives in Congress would not act as wisely as the President and the Secretary of State.

Our experience now convinces us that the people knew how to better protect their domestic markets than the Secretary of State. We now know that Congress more truly reflects the sentiment of the people and more truly protects their interest than does the executive branch of the Government.

Under this policy our Department of Agriculture is still engaged in destroying and restricting American agricultural production in the midst of hunger, want, and rags. That Department still believes that we should sell our agricultural markets to foreign nations so as "to service the foreign debt." It still believes that there is overproduction, while every intelligent person knows that our problem is underconsumption and maldistribution; that, in fact, there is a scarcity. There never was overproduction, but there have been overimportations. The trouble is that we are getting altogether too internationally minded. We are suffering with an inferior foreign complex.

While our Department of Agriculture talks about overproduction and of servicing the foreign debt and curtailing our people from producing all the things we need, the Department of State has been busy selling the farmer and laborer in foreign market places. That Department is still seeking foreign concessions, still chasing the illusive rainbow, the will-o'-the-wisp of international trade. It is selling our domestic agricultural markets to foreign horse traders.

This is done by means of the so-called reciprocal-trade agreements. These agreements are largely suggested by the international bankers, who gambled and speculated in foreign debts and who now desire that the American people should pay their foreign investments indirectly. These agreements are also suggested by the international manufacturers, who wish to sell their manufactured products to foreign people at the expense of American agriculture and labor.

So that under this policy we have one department of government engaged in curtailing American production and the other one entering into trade agreements with other nations, trading our domestic markets for the benefit of a few international bankers and manufacturers, entering into agreements in which the best interests of this Nation and its people are entirely forgotten.

As a result of this un-American policy our country is now being flooded with foreign agricultural and manufactured products as never before in its history—products produced and manufactured in foreign countries with the lowest possible standard of living. At present we have restricted the immigration of European races in order to protect our American standard of living. But now we import, under trade agreements and otherwise, hundreds of millions of dollars' worth of manufactured articles from Asiatic nations, articles produced by human slavery and human misery.

We exclude the Asiatic because of his low standard of living, and at the same time we permit the articles that his labor produces under unsanitary, brutal, and inhuman conditions to be sold in competition with articles manufactured by labor under the American standard of living. In fact, by importing these goods we invite, we import, the oriental, the lowest standard of living, for Americans.

We still have millions on Federal relief and millions more out of employment, and yet we import the very things that these men and women should be producing under an American standard of living—not under an Asiatic standard. Why prevent our own people, who are in want and misery, from producing and manufacturing these articles in order to enrich a few importers and international dealers?

We submit that this is the work of madmen. It is the work of men who know not what they are doing and do not understand or know the foundation upon which the greatness of this Nation was built. It is the work of bureaucrats who lack vision and of incompetents. We challenge not only the fallacy of this policy but we challenge its continuation.

So that the Secretary may know who the lobbyists are who are in favor of the reciprocal-trade agreements I give below the officers and directors of the American Manufacturers Export Association that I have referred to on this floor:

OFFICERS AND DIRECTORS OF THE AMERICAN MANUFACTURERS EXPORT ASSOCIATION

James D. Mooney, General Motors Export Co., president.

F. W. Nichol, International Business Machines Co., first vice president.

P. S. Duryee, Chase National Bank, treasurer.

L. O. Bergh, Marvin & Bergh, general counsel.

Regional vice presidents: L. C. Stowell, Dictaphone Corporation, New York; W. J. Shortreed, H. J. Heinz Co., Pittsburgh; George W. Koenig, International Harvester Co., Chicago; Col. H. R. Horsey, Coca-Cola Co., Atlanta.

Operating staff: Francis T. Cole, vice president and general manager; Harry Tipper, executive vice president; Oliver J. Abell, vice president.

Directors: George F. Bauer, National Automobile Chamber of Commerce, New York; Henry S. Beal, Sullivan Machinery Co., Chicago; Willis H. Booth, Guaranty Trust Co., New York; Walter S. Brewster, Pacific Mills, New York; Mason Britton, McGraw-Hill Publishing Co., Inc., New York; Walter P. Chrysler, Chrysler Corporation, Detroit; C. K. Davis, Remington Arms Co., New York; D. E. Delgado, Eastman Kodak Co., Rochester; James L. Donnelly, Illinois Manufacturers Association, Chicago; W. J. Edmonds, International General Electric Co., New York; E. A. Emerson, Armco International Corporation, Middletown, Ohio; James A. Farrell, New York; E. V. Finch, United States Alkali Export Association, Inc., New York; Harvey Firestone, Jr., Firestone Tire & Rubber Co., Akron; P. A. S. Franklin, United States Lines, New York; Charles J. Hardy, American Car & Foundry Co., New York; Cornelius F. Kelley, Anaconda Copper Mining Co., New York; H. J. Leisenheimer, the Cleveland Tractor Co., Cleveland; C. W. Linscheid, Fairbanks, Morse & Co., Inc., New York; John L. Merrill, All-America Cables, Inc., New York; Thomas A. Morgan, Curtiss-Wright Corporation, New York; W. W. Nichols, Allis-Chalmers Manufacturing Co., New York; L. A. Osborne, Westinghouse Electric International Co., New York; Robert H. Patchin, W. R. Grace & Co., New York; C. M. Peter, Black & Decker Manufacturing Co., Towson; F. W. Pickard, E. I. du Pont de Nemours & Co., Wilmington; Edward V. Rickenbacker, North American Aviation Corporation, New York; George B. Roberts, National City Bank of New York, New York; G. Arthur Schieren, Charles A. Schieren Co., New York; George C. Scott, United States Steel Products Co., New York; Harold B. Scott, Denver Chemical Manufacturing Co., New York; Robert H. Sexton, Business Council Associates; A. P. Sloan, General Motors Corporation, New York;

Edgar W. Smith, General Motors Export Co., New York; James L. Walsh, National Bank of Detroit, Detroit; Thomas J. Watson, International Business Machines Co., New York; John N. Willys, Willys-Overland Co., Toledo; Clarence M. Woolley, American Radiator Co., New York.

I also add here a list of imports during 1938:

[Prepared by Raw Materials National Council, Sioux City, Iowa, for National Reclamation Association, Washington, D. C.]

Commodity	1938	Foreign values	United States displacement	United States acres to produce
Corn imports ... bushels	403,871	$257,000	$463,450	16,155
Wheat and flour ... M bushels	4,700	3,341,477	7,285,477	500,000
Cotton ... M pounds	106,000	9,614,000	9,000,000	530,000
Cotton manufactures		33,278,000	99,000,000	1,250,000
Jute, hemp, sisal ... M pounds	1,109,000	91,000,000	270,000,000	5,545,000
Tobacco ... do	71,000	36,000,000	101,000,000	100,000
Tobacco manufactures		3,182,000	9,000,000	6,000
Barley ... M bushels	2,130	2,824,000	5,412,000	70,000
Sugar and molasses ... M pounds	7,468,101	141,000,000	423,000,000	2,500,000
Cattle ... number	433,653	9,383,297	27,000,000	2,168,265
Pork ... M pounds	58,394	14,294,000	42,000,000	583,000
Canned beef ... do	78,000	8,396,000	25,000,000	1,257,600
Casings ... do	11,784	7,087,000	21,000,000	117,840
Animal fats ... do	4,696	336,000	1,080,000	46,960
Tallow imports ... do	1,229	49,000	150,000	12,290
Butter ... do	1,623	425,000	850,000	31,000
Milk, condensed and dried ... do	920	97,000	194,000	7,000
Cheese ... do	54,500	11,500,000	23,000,000	720,000
Eggs (dried) ... do	6,069	2,160,000	6,480,000	102,000
Hides and skins ... do	181,951	29,880,000	78,000,000	2,000,000
Wool and mohair ... do	104,274	22,602,000	52,000,000	7,500,000
Wool manufactures ... do	28,356	23,798,000	69,000,000	1,800,000
Vegetable oils and fats ... do	1,898,000	60,000,000	180,000,000	10,000,000
Leather and manufactures ... do	31,168	7,205,000	21,000,000	320,000
Whisky and wines		59,000,000	150,000,000	88,300
Sago ... M pounds	11,000	149,000	300,000	12,000
Tapioca ... do	230,000	3,880,000	7,760,000	230,000
Hay and feeds ... tons	19,000	3,800,000	10,000,000	19,000
Grass seeds ... M pounds	70,000	5,900,000	16,000,000	700,000
Vegetables ... do		12,000,000	24,000,000	750,000
Fruits and preparations		41,000,000	120,000,000	1,500,000
Fish ... M pounds	302,623	28,348,000	84,000,000	
Petroleum ... M barrels		76,000,000	96,000,000	35,000,000
Wood pulp		317,000,000	952,000,000	
Chemicals, fertilizer		78,000,000	156,000,000	3,500,000
Metals (nonferrous)		170,000,000	520,000,000	
Total		1,312,785,774	3,606,974,927	78,982,410
Less the above nonagricultural products which total		591,348,000	1,652,000,000	35,000,000
Total		721,437,774	1,954,974,927	43,982,410

Mr. CROWTHER. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, I am opposed to the continuation of the reciprocal-trade treaties. First, because they involve a delegation to the Executive of powers which the Constitution specifically places in the hands of Congress. Second, there is not a scintilla of evidence that the trade treaties are having any beneficial effect. On the contrary, there is considerable indication that they have the reverse effect.

Powers granted here are unquestionably being used beyond their ostensible purpose, the regulation of tariff rates. They are used to make treaties, properly so called, which the Constitution provides can be done only with the consent of the Senate.

If the advocates of continuation of the trade agreements do not regard the treaties as the only factor which might have to do with any foreign trade gains that we might be experiencing, they certainly stress the importance of this factor far beyond anything that may be proper.

All sorts of figures are being presented by the proponents of the treaties to prove their point. None which I have seen have even the slightest merit.

The simplest and only correct formula for determining whether there has been any gain in dollars and, if any, the amount is as follows: Take a large number of years preceding the effectiveness of the trade treaties. Find the percentage of exports of the agreement countries of the total exports. Strike an average for the years calculated. Get the same percentage for 1939 for the nonagreement countries. Follow the same procedure for imports. Compare the two percentages and two sets of figures which will show the amount of loss or gain. But this does not show what has caused the change. To attribute any gain to the trade treaties from any result of such a study is, however, puerile, to say the least. There are entirely too many other factors involved to attribute it to this one alone.

I have made some preliminary calculations in accordance with this formula, but not sufficiently to warrant any final conclusion. So far as I have gone, however, I have not found the gains in dollars claimed by the treaty proponents. But whatever may be the results of such a study they can prove nothing to justify any claims made for the continuation of the treaties.

It seems rather remarkable that the most important factor which now has to do with our foreign trade has received no consideration whatever from the advocates of extension. I refer to the wild gold-buying program.

Of the countries with which trade treaties were concluded by the State Department up to 1939, excluding Turkey—agreement with Turkey May 5, 1939—eight countries in 1939 represented more than 80 percent of the export trade. These eight countries were France—and its colonies, dependents, and protectorates, other than Morocco—Sweden, Switzerland, the kingdom of the Netherlands—Netherlands in Europe, Netherlands Indies, Surinam, and Curacao—Belgium, Colombia, Brazil, and Canada.

We increased our export trade to France from $111,561,000 in 1932 to $181,825,000, or 56 percent, in 1939. The United States Treasury has bought from France, at $35 an ounce, $1,839,900,000 of gold.

Did the buying of this enormous amount of gold at the arbitrary high figure of $35 an ounce have anything to do with increasing our export trade to France?

We increased our export trade to Sweden from $17,457,000 in 1932 to $96,661,000 in 1939. This was an increase of 455 percent in the 7-year period.

During this period we bought from Sweden about $90,000,000 worth of gold at $35 an ounce. Did that have anything to do with increasing our export trade to Sweden?

We increased our exports to Switzerland from $7,300,000 in 1932 to $18,609,000 in 1939. That was an increase of $11,309,000, or 154 percent.

We have bought from Switzerland $154,000,000 worth of gold at the high price of $35 an ounce. Who will say that did not have something to do with increasing our exports to Switzerland?

We increased our exports to the Netherlands from $45,254,000 in 1932 to $96,809,000 in 1939. That was an increase of $51,555,000, or 113 percent.

We bought from the Netherlands the enormous amount of $863,200,000 worth of gold at the high price of $35 an ounce. Will the advocates of the reciprocal-trade treaties assert that this had nothing to do with our increase of exports to the Netherlands?

We increased our exports to Belgium from $40,278,000 in 1932 to $64,567,000 in 1939. That was an increase of $24,289,000, or 60 percent. Herewith it should be noted that in 1937 our exports to Belgium amounted to $95,341,000.

We bought from Belgium $283,900,000 worth of gold at the artificially high price of $35 an ounce. Under these circumstances, do the advocates of the reciprocal trade treaties claim for their program all the credit for this increase?

We increased our export trade to Colombia from $10,670,000 in 1932 to $51,295,000 in 1939. That was an increase of $40,615,000, or 380 percent.

We bought from Colombia, at the artificially high price of $35 an ounce, $85,500,000 worth of gold.

Do the advocates of reciprocal-trade treaties claim for their program all the credit for this increase and deny any to this gold transaction?

We exported to Canada in 1939, $272,000,000 worth more merchandise than in 1932.

We have bought from Canada at the high price of $35 an ounce $1,000,000,000 worth of gold.

Will the advocates of extension contend this has not affected our export trade to Canada?

Who will stand up here today and say that the purchase of that gold had nothing to do with our increase in exports? I see no one rising.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. Only for an answer to my question; not otherwise.

Does the buying of this gold, or has the purchase of this gold had anything to do with increasing our exports to those countries?

Mr. VOORHIS of California. Certainly it has and, furthermore, the only substitute for that method would be for us to purchase their commodities in order, in that manner, to get American exchange in their hands so they can pay us for what we export to them.

Mr. SMITH of Ohio. I think there is some truth in that.

We increased our export trade to Brazil from $28,600,000 in 1932 to $80,441,000 in 1939. This was an increase of $51,-841,000, or 181 percent. Did we buy any gold from Brazil during this time? I have seen no record of any, but we did something else which amounted to the same thing.

In 1936 our shippers and exporters to Brazil were in trouble. They had sold $27,750,000 worth of goods to Brazil, and were having difficulty getting their money. The Export-Import Bank came to the rescue. It entered into an arrangement with the Bank of Brazil to finance this amount. This bank set up what was known as "blocked balances" for the full amount of $27,750,000. It issued notes to the shippers which were discounted by the Export-Import Bank at 4 percent. In this case the shippers were made liable for any losses that the Export-Import Bank might suffer.

Along about March 1939, our shippers again found themselves in difficulty with Brazilian purchasers, this time to the tune of $19,200,000. The Export-Import Bank again came to the rescue; this time, however, with an entirely different proposition. It advanced to the Bank of Brazil the amount, with no security whatever except the assurance of this bank that it had satisfied itself as to the credit rating of the Brazilian buyers involved.

Has the lending of all this money to Brazil had anything to do with our increase of exports to that country? Some of our manufacturers should be interested in this question; those who have advocated a continuance of the reciprocal-trade treaties, believing they have been benefited by them. But have they been benefited by them? Here is a good place for them to do a little studying to see whether it has been the reciprocal-trade treaties that has helped them, or whether it has been something else.

With these facts staring us boldly in the face, how possibly can anyone still claim any merit for the reciprocal-trade treaties?

Suppose the Treasury should stop buying gold. What do you suppose would happen to our export trade? We might as well face the facts, because they will not be eluded forever. If our manufacturers want to continue their foreign sales, they should at least know what is making them possible. They should not give credit to the wrong thing. Then, having learned that it is our gold-buying program and our lending policy that are holding up their export trade, perhaps we will have made some headway in clearing up what is, to say the least, a bad situation. Or will an attempt to convey this ugly information to them only cause them to dig their heads into the sand a little deeper? [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I have asked for this time for the simple purpose of keeping the RECORD straight. It appears that on page 1664 of the CONGRESSIONAL RECORD, under date of Monday, February 19, the gentleman from Michigan [Mr. DINGELL] addressed the House on the subject of reciprocal-trade agreements, and in that address he referred to some testimony which was given before the Ways and Means Committee by a gentleman from Wisconsin, from my district, named Maurice Fitzsimmons. He referred to the fact that Mr. Fitzsimmons represented 90 percent of the fur-farming industry of the Nation, and quoted at length from the testimony of Mr. Fitzsimmons in support of the reciprocal trade-agreement program. I say to the members of the committee that I happen to be well and personally acquainted with Mr. Fitzsimmons, and when I heard that he had appeared before the Ways and Means Committee and made that statement that he was representing 90 percent of the fur farmers of this country, and that they were all in favor of reciprocal-trade agreements, I was astonished, because not more than 2 weeks before his appearance before the committee he sat in conference after conference with the entire Wisconsin delegation and very definitely and clearly expressed himself as being opposed to this reciprocal trade agreement program. Because I might be mistaken, I wrote to the two largest fur farmers in the State of Wisconsin, and they are the largest fur farms in the entire United States and are located in my congressional district. I shall at the proper time ask leave to insert as a part of my remarks the responses to my letters and shall quote briefly from those two letters. In a letter from Mr. Langenfeld, president of the Associated Fur Farms, Inc., he states:

ASSOCIATED FUR FARMS, INC.,
New Holstein, Wis., February 10, 1940.

Hon. FRANK B. KEEFE,
House of Representatives, Washington, D. C.

DEAR MR. KEEFE: Although I was in Washington twice within the past several months to appear before committees, it was more or less between trains and between business in New York City, and for that reason I did not get an opportunity to visit you, much as I wanted to.

I note that Mr. Fitzsimmons claims to be representing 95 percent of the Wisconsin fur farmers and their opinions when he stated that he favored the reciprocal trade agreements program. He should have said "95 percent of the Wisconsin fur farmers who favor the retention of the program." Those few who are in favor are New Deal Democrats who apparently think more of their politics than their fur farms.

In this section of the country, there is not a single fur farmer in favor of the program, and I know them all. Undoubtedly some oppose it for selfish reasons, and they may have altered their opinions somewhat since the imposition of the silver-fox quota.

I have always been, and continue to be, unreservedly opposed to the program. I feel that it has worked hardships on the farmers for the benefit of industry. At the same time I do not favor extremely high tariffs. The objective of any tariff program, I believe, should be the protection of American agriculture and industry against foreign lower cost of production and state-controlled foreign industrial practices.

The whole matter is so complex that I feel it best to follow Senator Taft in his arguments.

Yours very truly,

A. L. LANGENFELD.

A letter received from Mr. John F. Nieman, the head of the largest fur-farming industry in Wisconsin, states as follows:

HERBERT A. NIEMAN & CO.,
Thiensville, Wis., February 10, 1940.

Hon. FRANK B. KEEFE,
Member of Congress,
House Office Building, Washington, D. C.

DEAR SIR: This will acknowledge receipt of your letter of February 7.

In reply, wish to state that I as well as my associates are fully aware of the fact that the congressional delegation from Wisconsin worked vigorously in conjunction with our committee, composed of Dr. L. J. O'Reilley, Mr. Maurice Fitzsimons, and Mr. A. H. Crow, in an effort to secure a revision in the Canadian trade agreement; and we wish to assure you that your efforts in behalf of the fur farmers are highly appreciated.

Now, just why Mr. Fitzsimons should go on record before the House Ways and Means Committee with a statement to the effect that 95 percent of the fur farmers of Wisconsin were in favor of the reciprocal trade agreement program is, of course, hard to understand; and the only reason that I can think of would be that he, being a member of the Democratic Party, wishes to adhere to the party's New Deal policies. As to myself and my business associates, not only in our large fur-farming interests but in our other business enterprises, I can assure you that we are all very much opposed to the entire reciprocal trade agreement program of this administration as it is being handled by the State Department. We are opposed to it because we are convinced that, due to the higher wages paid and the high standard of living prevailing in this country, American business and industry is unable to compete with cheap foreign importations, with the result that production decreases and workers lose their jobs, thereby adding to the number of unemployed. From my own experience, I know that in our county here more than 100 workers have been laid off on the fox ranches due entirely to the reduction of the tariff on

silver-fox pelts; also that all expansion on the ranches here has been discontinued.

In view of our own experience, it is therefore very unlikely that 95 percent of the fur farms of Wisconsin are in favor of the reciprocal trade agreement program.

I would suggest that you also write for information on this subject to Fromm Bros., Inc., of Hamburg, Wis., as they are also large operators in fur farming and besides represent many of the smaller ranchers who are shippers to their fur auctions.

Thanking you very kindly for your interest in this matter, I am,

Yours very truly,

JOHN F. NIEMAN.

I want the RECORD to show that here are statements not from the legislative representative who comes here as a new dealer purporting to speak for the fur-farming industry of my State, but here are the words of the men who have their money invested in the fur-farm business and who tell you that they are almost unanimously opposed to this reciprocal trade agreement program.

Just one word further. I listened with a great deal of attention and sympathy and consideration to the statements that have been made on the floor of the House for and against this program. I am wondering, however, just how some of the gentlemen on the Democratic side are going to vote when this matter comes to a vote. I wonder if they will vote the same type of conviction which they so eloquently expressed when a large number of Democratic Congressmen appeared before the reciprocity committee urging that no reciprocal-trade agreement be entered into with the Argentine. I have in my hand the testimony given by the gentleman from Texas, the Honorable MILTON H. WEST, a member of the Committee on Ways and Means, to the Committee on Reciprocity Information, and it will be found on page 86, volume 1, of the hearings before that committee. I am wondering if the gentleman from Texas [Mr. WEST] will make to this House the same type of statement which he made to that committee when he was seeking to block the adoption of a reciprocal-trade agreement with Argentina. I am wondering if in the consideration of this question, it depends on whose ox is being gored. I am wondering if it is a situation where the reciprocal-trade agreements are good for everybody so long as we have our specific interest taken care of.

Mr. DINGELL. Will the gentleman yield?

Mr. KEEFE. I do not yield at this time.

Mr. DINGELL. I was just asking the gentleman a question. I was merely asking whether the gentleman would yield.

Mr. KEEFE. For a question, surely.

Mr. DINGELL. The gentleman did not take me to task for any misquotation?

Mr. KEEFE. No; I did not. I did not take the gentleman to task at all.

Mr. DINGELL. I would like to have the gentleman before he is through with his discourse explain away the telegram which was received from the Wisconsin Fox and Fur Producers Association, and not talk about two fur producers in his State.

Mr. KEEFE. I would just say that I am familiar with that, too. I am familiar with who that organization is, and Mr. Fitzsimmons, who happens to be Democratic assemblyman from my district and a new dealer, is perhaps secretary of that organization.

Mr. DINGELL. No. Mr. Wittig is secretary and Mr. O'Reilly is a member.

Mr. KEEFE. Yes. Mr. O'Reilly and Mr. Fitzsimmons were here. We spent nearly 2 weeks with them, fighting for a change in the Canadian agreement, and they got a quota put into the Canadian agreement, and as soon as that quota was put in——

Mr. DINGELL. Which saved the industry.

Mr. KEEFE. It will not save the industry as soon as the emergency is over. Let me tell you something, that this very change provides that as soon as conditions are restored we will go right back to the old rate. That is why the fur-farming industry of my State opposes the whole thing. Mr. Fitzsimmons in no way represents them. Just bear that in mind.

Mr. DINGELL. And neither do you.

Mr. KEEFE. Well, I at least have letters from two men who represent financially the largest fur farm interest in the country.

Mr. DINGELL. This is a unanimous expression of the producers' association of Wisconsin—unanimous; not a dissenting vote.

Mr. KEEFE. That is what I want to say. All of this testimony is apparently based on this sort of stuff.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. No; not at this time.

I want to put into the RECORD at the proper time the statement made by my friend the gentleman from Oregon [Mr. PIERCE]. I think he will oppose these reciprocal-trade agreements. I want to see whether he is going to vote the same way that he talked when he appeared before the Committee on Reciprocity Information.

The statement referred to is as follows:

STATEMENT OF HON. WALTER M. PIERCE

[October 16, 1939, p. 90, vol. 1, the Committee for Reciprocity Information in Connection With the Negotiations of a Reciprocal-Trade Agreement With Argentina]

I was a Member of the Congress when the bill was proposed under which you are acting. I was rather caught by the word "reciprocity." I knew the Secretary of State fairly well and a few members of his technical staff. I supported the bill with some reluctace, made a speech for it, pointed out, as I thought, the good that could come from a real law allowing reciprocal-trade agreements, where we were getting something from the one with whom we were trading—where there was some value moving from each party.

I was still a Member of the Congress when it came on for renewal in 1937. All the suspicions that I had had in 1934 had been confirmed by what I had seen—the effect of the law as it was being operated upon the agricultural community that I have the honor to represent here in the Congress. So I voted for all of the amendments that I thought would curtail the activities, and I was one of the 10 Democrats that took the party whip and voted "no" on the bill.

* * * * * * *

I remember, when I was Governor of the State of Oregon, I did my best to start a flax industry. I have been struggling hard since and we have got quite an industry going in our State now, both flax for the fiber and the seed. You now propose to reduce the tariff and let in the farm products from Argentina and at the same time take money out of the Treasury to help the farmers of Texas and Oregon. It seems to me the utmost folly. I cannot see how you can find facts upon which the Secretary of State and his technical advisers can base an agreement. The whole theory of it may be right, but in practice it has worked to the ruination of the people who are supposed to have benefited.

* * * * * * *

I am protesting as vigorously as I know how. I am a Democrat. I generally support the administration, but not a blind folly. I believe the Secretary of State has endeavored to do a good job, but he has been mistaken.

Mr. KEEFE. I want to put in the statement of the gentleman from Montana, Hon. JAMES F. O'CONNOR, when the matter was before this committee, in which he was involved, seeking protection for himself and for the interests which he represents.

The statement referred to is as follows:

STATEMENT OF HON. JAMES F. O'CONNOR

[October 16, 1939, p. 121, vol. 1, the Committee for Reciprocity Information in Connection With the Negotiations of a Reciprocal-Trade Agreement With Argentina]

I was raised on a farm in Iowa, if you will permit me to be personal, and running sort of true to my first love, I never really got away from farming. As somebody once said, while my business is that of a lawyer, I am a lawyer among farmers, and a farmer among lawyers.

* * * * * * *

But while I am speaking about that, I want to call your attention to this fact also, that the platforms of both the Democratic and Republican Parties in 1932 and in 1936 told the farmers and the producers of the country in substance that the American market should be reserved for the American producer.

They believed us then, but it seems that we have sort of been getting away from that policy in the last few years. My district, as the chairman knows, borders on Canada. We see there first hand the tremendous effect on the livestock market at St. Paul of the hundreds of thousands of cattle coming in the last trade agreement. We fellows out there feel that. I don't say that we have been sold down the river, but at the same time our market has been scattered and the farmers and livestock producers of our country need that market.

* * * * * * *

Now, it is all right, this good-neighbor policy is a fine thing if you don't have to give up your shirt to be a good neighbor. I like to do all I can for my neighbor, but I don't want to give away my property in doing it, and we shouldn't give away the American market to those foreign people just to be good neighbors.

Mr. KEEFE. I also want to put in the RECORD the statement of the gentleman from Texas, Hon. RICHARD M. KLEBERG.

The statement referred to is as follows:

STATEMENT OF HON. RICHARD M. KLEBERG

[October 16, 1939, p. 73, vol. 1, the Committee for Reciprocity Information in Connection With the Negotiations of a Reciprocal-Trade Agreement With Argentina]

I have been very much interested this morning, particularly interested in the approach to this difficult question as presented by Senator O'MAHONEY, and one angle which he presented had been a part of my own mental reaction to the suggested trade pact or reciprocal-trade agreement now being discussed before your committee, and that was that when you trade the same commodity for a like commodity with the Argentine—in other words, trade the same for the same—there would be no gain. That is perfectly patent.

* * * * * * *

First of all, in this picture we have before us, we better analyze the facts we are dealing with. We have in this country what we are proud to call an American standard of living. I understand the people of the United States, organized into minority groups, if you please, but generally are of the opinion that we would not like to trade the American standard of living for the standard of living, forsooth, to be found in any other land, and when we find ourselves now considering a trade pact or agreement which strikes directly at the standard of living of a lot of folks that I represent in my district, the cotton farmers who, under the process of the present Agricultural Adjustment Act in limiting cotton production, have been told in recent regulation issued by the Department that flax could be planted on these Government acres, they have gone into that business.

Mr. KEEFE. I believe these gentlemen will vote against the continuance of the reciprocal-trade programs. [Applause.]

I also want to put in the statement of Hon. PHIL FERGUSON before the Committee on Reciprocity Information.

The statement referred to is as follows:

STATEMENT OF HON. PHIL FERGUSON

[April 4, 1938, p. 56, vol. 1, Committee for Reciprocity Information in Connection With the Negotiations of a Reciprocal-Trade Agreement with Canada]

Mr. Chairman and gentlemen of the committee, I was chosen as one of this committee of three to speak for the States interested in the production of livestock, probably because I am interested in the production of livestock and market several thousand beef steers every year.

It is my opinion that the livestock industry is opposed to making further concessions in trade agreements with foreign countries. The very fact that the increase in quotas on both heavy and little cattle and the possible further reduction of the tariff on quotas of heavy cattle below $2, and a consideration of reduction of the present tariff on light cattle has had a bad psychological effect on our already weakened cattle market.

The livestock industry is opposed to increasing the present quota of 155,000 cattle weighing over 700 pounds or granting tariff reductions on a quota of cattle below this weight. I believe this statement is the view of a distinct majority of the representatives of the livestock-producing States, who at present and at a recent meeting selected me as one of a committee to present their views.

* * * * * * *

As a Representative from a Western State, I am certainly concerned with the feeding operations in the Corn Belt, because the Corn Belt feeder determines the price of western stock cattle that are marketed in the fall of the year. Undoubtedly a Corn Belt feeder will be very hesitant about restocking this fall after suffering losses of $15 to $25 per head on this year's operations. Certainly if the feeder has suffered a capital loss of his own capital he will be cautious, and if he has been operating on borrowed capital the credit for next year's operation will be very hard to get. Those who favor increasing our quotas may say the limited number and inferior quality of the Canadian cattle cannot affect our market. Allow me to quote from a letter I have received from Mr. H. A. Powell, the secretary of the St. Louis Livestock Exchange:

"On numerous occasions during the past 8 to 10 weeks, the writer has noted that when there are available for sale on the market around 20 loads of steers, the packer buyers are generally alert and we have steadier or stronger markets. An increase the following day of only 10 or 15 loads of steers, making a total offering from 30 to 35 cars, frequently means a draggy market and prices 15 cents to 25 cents lower. Thus, the matter of from two to three hundred head of steers added to the supply means the difference between a lower and a higher market."

* * * * * * *

I would like to leave these letters. As I say, I wrote to all of the exchanges. I think that was a notable exception of St. Paul and Denver, where most of the cattle are marketed, and where the commission companies who make up the exchanges naturally benefit from the commissions. The other markets all felt like the presence of those cattle was an adverse factor and had an adverse effect on our market.

I spoke a minute ago about the Department of Agriculture estimates which set out that in 1937 the imports of live cattle, plus the live weight equivalent of the canned beef, equal 6 percent of all the slaughter under Federal inspection. Sixteen million cattle were slaughtered under Federal inspection; so, from the Government figures, we can say an equivalent of 960,000 head was imported. This would figure 600,000 grown cattle, or two-thirds of a month's supply, and 360,000 calves, or three-fifths of a month's supply. So while 6 percent sounds like a small figure, when you realize our markets are run almost a month by foreign importation it gains importance.

Mr. KEEFE. Also the statement of the gentleman from Texas [Mr. WEST].

The statement referred to is as follows:

STATEMENT OF HON. MILTON H. WEST

[October 16, 1939, p. 86, vol. 1, the Committee for Reciprocity Information, in Connection With the Negotiations of a Reciprocal-Trade Agreement with Argentina]

Mr. Chairman and gentlemen of the committee, I shall be very brief. I do want to join in the protest though of the other members, because if this agreement is negotiated, frankly I think it will mean that the standard of living of the farmer in this country will necessarily have to be lowered.

As we all know, the backbone of the country is the farmer. If his standard of living goes down, necessarily everybody else's standard of living must fall.

The congressional district that I have the honor to represent is along the Mexican border. It covers some four or five hundred miles, and consequently I know something of conditions in Mexico and the competition that the American livestock raisers will have to meet in the event this agreement is negotiated.

On the Mexican side of the river they pay their help somewhere between $4 and $6 a month. The tax on the land over there is nil. I have a friend that has a ranch, some seven or eight hundred thousand acres, and he told me his property tax amounted to about $2,700 a year. With that ranch situated on this side of the river, the tax would run around $100,000. So the tax on this side of the river, on identical land on this side of the Rio Grande, is about two or three times as much per annum as is the value of the land on the other side of the river. In other words, the ranchman on this side of the river pays in dollars and cents per acre tax on land in Texas about three or four times what he could go over the river and purchase land for, and that is the kind of competition he would have to face if this agreement is negotiated. Well, necessarily, if it is, he is going to have to reduce his standard of living, reduce the pay of his employees, and that will affect the entire United States.

I know that you gentlemen are sincere, that you are animated by the same purposes that the Members of Congress are, that you really and sincerely want to do something to help agriculture and increase commerce. I am in accord with those reciprocal-trade agreements, but not generally. If it is going to put the American farmer out of business, then we better not adopt it.

* * * * * * *

Yes, let us trade with them the excess commodities that we have to export and buy from them things that we do not produce, but let us not put the farmer out of business altogether. Many of them are already on relief. Millions of farmers have been bought in by the landowners, the Government, and so forth. If this trade agreement is negotiated, we will have another influx of farmers moving into town and going on relief.

Mr. KEEFE. We will wait and watch the vote on this bill when it comes to a final vote, to see whether it is in accord with what was stated before this Committee. [Applause.]

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. HULL] such time as he may desire.

Mr. HULL. Mr. Chairman, at this particular time, much credit is being given to reciprocal-trade treaties for improvement in general business conditions over what they were in 1932, and a vast array of figures shows how increase of exports and imports have had a bearing upon the improvement. Some interesting charts have been published to prove that, as foreign trade has increased, there has been material industrial gains and also gains in employment. That the increase of imports is due to the gains in industrial activities, and that improved conditions in foreign countries have served to increase our exports is lost sight of in the propaganda so widely circulated in support of the reciprocal-trade policy.

There are other reasons alleged for the gain in business under other circumstances. Conditions in 1932 were about

as bad as could be, but they were not confined to our country alone. In European and South American countries, and in Canada in particular, business, industry, and agriculture were at the lowest ebb. As other factors contributed to our recovery, so also in foreign lands recovery was accomplished regardless of our particular reciprocal-trade program. The treaties were not completed with some of those countries, Great Britain for instance, until their recovery has been greater than our own. To ascribe all world progress in the past 7 years to our reciprocal-trade policy is as misleading as it would be to assume that our own improvement was solely due to that same policy. Many influences were at work in foreign countries to aid in their situation just as we have had many other contributions to the gains accomplished in our own country.

It would not be fair to thus assert that all other endeavors of this administration to restore prosperity as having failed and confine the credit to the gains in foreign trade. To do so would brand as failures all that was done by P. W. A. to prime the business pump, put men at work, and give prosperity a boost at the cost of a billion dollars or more. Billions more have been spent for relief and unemployment primarily, but also to assist toward business recovery. An agricultural program has expended billions in loans, grants, and subsidies to further agricultural recovery. More billions will continue to go out for these and numerous other programs devised to improve general conditions, while housing programs, naval expansion, and vast public works continue to be pointed to as the way out of depression into prosperity. The advocates of a continuance of our reciprocal-trade policy apparently would disregard all these activities and expenditures as at all influential in order to stress gains in foreign trade.

Considering the fact that less than 7 percent of the production of our country is exported, the relative importance of our foreign trade to that of our domestic commerce is not so great. Fancy statements are made about the extent of our exports of automobiles, trucks, tractors, and farm and other machinery and the added employment afforded by such industries. Were farm income to be restored to its proper basis, adding $5,000,000,000 to agricultural income and the national income, there would be such a home demand for such products that there would be none to export. The loss of farm buying power is greater than the entire value of our exports, including such agricultural products as may be included.

Coming from the Nation's greatest dairy State, Wisconsin, I am concerned, as are most farmers in my State, as to the effect of the trade treaties upon our own welfare and progress. We sell the most of our dairy product in manufactured form. We must seek our markets in the industrial centers. It is generally recognized that we cannot compete in those markets with importations from countries where cost of production is less than one-fourth our own. We must have adequate protection as to prices as well as against the flooding of our principal markets with foreign products when circumstances serve to increase prices which permit such importations.

Not all our trouble with foreign competition should be ascribed to the trade treaties. They have merely served to lower rates which were already too low under the much criticized Hawley-Smoot Tariff Act. I was a Member of the House when that act was passed and among those from farming sections who sought adequate tariff rates under its provisions. Our pleas were unavailing. The Hawley-Smoot law greatly advanced the rates upon industrial products, based upon the theory of the difference in the cost of production in our country and that of foreign lands, but utterly failed to apply the same rule or theory to farm products. Although testimony backed by studies made by Government agencies, for instance, made plain that newer dairy countries like New Zealand and Australia were producing dairy products at less than one-third the cost of production in the dairy land of the Northwest, and were flooding the world markets with hundreds of millions of pounds of butter and cheese, our farmers were denied rates on butter which would stop that unfair competition, and the rates on cheese importations in that bill, and as still further reduced by trade treaties, continue to limit our production by such competition. I voted against the Hawley-Smoot Act when it passed, because of its unfair discrimination against the farmers of the Middle West. I am opposed to a reciprocal-trade program which serves to further increase our competition from foreign lands, and at the same time provides no lessening in costs to farmers of the products which of necessity they are compelled to buy.

The claim that the importation of dairy products is too small to be detrimental is simply a case of putting the cart before the horse. Importations are in comparatively small amounts at present because the prices of dairy products are far too low for profit to our farmers. It is only necessary to refer to the comparatively small holdings of butter and cheese in storage to point out that it is not our own production but that of other countries which is holding down prices when circumstances here at home would seem to warrant an increase of butter prices to at least 38 cents, and cheese at 18 cents, the levels reached in 1937. Were butter prices to return to a level of 40 cents and cheese to 20 cents, neither of which would be excessive and neither of which would more than cover actual costs of production to the farmers, there would be such a flood of dairy products flowing in from New Zealand, Australia, Argentina, and even from Russia and Cape Colony that our markets would be demoralized, and prices would bound back to even lower levels than the present, just as they did in 1937, when the decline continued until butter was marketed at 22 cents. In 1938 the Surplus Commodity Corporation purchased 152,000,000 pounds of butter and dairy products to a total of $46,000,000 for free distribution to prevent dairy prices from again striking the low levels of 1933. Our American dairy farmers cannot have their home markets at profitable prices as long as it is possible for dairy monopolies and speculators to reach out to foreign lands where costs and prices are much lower and bring in butter, cheese, condensed milk in any quantities needed to control the markets to their own profit. The possibility of such competition fixes the lower levels of prices which now are obtained. Freed from that competitoin or dangers of it, higher price levels might be obtained, and, under the policy of the purchase and distribution of such small surpluses as might occur, they could be maintained.

Whether higher duties or embargoes should be applied to the situation is a matter of opinion. Were it in my power I should forbid importations of any agricultural product which would serve to lower the level of domestic prices below parity or cost of production in case parity prices would not suffice. The claim that the trade treaties serve to broaden the farmers' markets by increasing employment in industry is substantiated only in a limited degree.

Increased consumption at prices below cost of production adds but little to farm income and none to the farmers' profits.

Our western dairymen have not only the threat of foreign competition to prevent progress. Under a Government policy, milk prices are fixed in larger eastern cities to the benefit of groups of farmers in nearby territories. But the western farmer has no reciprocity under that policy. An embargo regulation prevents his shipping his milk and cream to New York City, Philadelphia, and even the city of Washington, and other large markets. If reciprocal-trade treaties are good for the Canadian dairymen to supply our eastern markets with butter, cheese, and cream, certainly Congress should provide a policy which will enable the western dairymen to share in the benefits of our home trade. It has not done so—and every attempt to obtain it has been withheld in the committee rooms.

I am not alone concerned with the situation as it applies to dairymen. The farm income of 1939 was lower than the farm income of 1937 or 1938. The percentage of the farmers' share in the national income was also lower than in those years. Still in 1939, our importation of foreign farm products amounted to more than $897,000,000. Not all such products were competitive, but in the main they were, directly or indirectly. That our prices for farm commodities were lowered

to a still larger amount by such competition can scarcely be questioned. But adding $897,000,000 to our farm income instead of sending it abroad would mean increasing the general farm income by about 20 percent. Such an increase would be very welcome to most farming sections. Why should we buy abroad what we could and should be producing on our own farms? Why try to advance industrial progress in foreign lands when the opportunity is so much greater in our own?

We have a farm program covering cotton, corn, wheat, rice, and tobacco. Under it and the soil-conservation program, our Treasury disbursed over $700,000,000 in farm subsidies last year. Restriction of production is a large part of the policy and millions of acres have been taken out of production. The program endeavors to reduce or abolish the surpluses of the particular crops mentioned and to provide parity-price subsidies to the farmers who comply with the rules and regulations.

I have been among those who believe that a parity-price policy should not apply only to certain crops and certain farmers. If the policy is good, surely it should be broadened to bring dairying, the largest branch of agriculture, within its provisions. To that end I and others here and thousands of farmers in the Middle West are demanding action on H. R. 6500. We demand that dairy products shall be included among the basic agricultural commodities.

Notwithstanding the A. A. A. program, reducing acreage, restricting and controlling production, expending $450,000,000 in soil-conservation payments, $212,000,000 in parity payments, and another $50,000,000 in bounties to sugar producers not to produce sugar, and crop loans on cotton, corn, and wheat in an endeavor to peg their prices, we turn to other lands for products which required millions of acres of land to produce.

I append a table of the importations of such products for the first 10 months of 1939 which has already been quoted by the gentleman from Indiana [Mr. LANDIS] in his able discussion. The table is not complete as to all imported commodities, as it does not include the 1,158,000 tons of sugar imported from Cuba nor the billions of pounds of imported coconut and other vegetable oils. It serves, however, to forcibly call attention to the displacement of products from our own farms by those of foreign countries by cheaper production. It is as follows:

Farm imports—United States imports of agricultural products, 10 months, 1938 and 1939

[U. S. Department of Commerce figures]

Import items	Unit	1938	1939
Cattle	Head	330,653	664,339
Meat products (total)	Pound	123,732,000	136,552,000
Canned beef	Pound	65,833,000	78,073,000
Cheese	Pound	44,423,000	49,249,000
Eggs (in shell)	Dozen	182,844	267,326
Hides and skins (total)	Pound	131,896,000	258,889,000
Cattle hides	Pound	39,338,000	104,217,000
Sheep and lamb skins	Pound	25,496,000	50,085,000
Silver fox fur skins	Number	13,749	75,067
Casein	Pound	317,000	6,876,000
Barley	Bushel	126,000	745,000
Oats	Bushel	5,258	2,612,000
Wheat (all)	Bushel	2,433,000	9,310,000
Wheat flour	Pound	12,237,000	16,929,000
Barley malt	Pound	84,752,000	90,626,000
Hay	Ton	13,505	35,550
Wheat byproduct feeds	Ton	27,173	372,951
Chickpeas, dried	Pound	6,390,000	7,507,000
Potatoes, white or Irish	Pound	36,315,000	48,072,000
Sago	Pound	8,695,000	21,252,000
Tapioca	Pound	183,322,000	295,088,000
Arrowroot	Pound	4,799,000	7,681,000
Peas, canned	Pound	325,000	1,070,000
Tomatoes, canned	Pound	45,096,000	47,773,000
Pineapples, prepared or preserved	Pound	25,918,000	67,632,000
Apples	Bushel	8,004	24,661
Wool, unmanufactured	Pound	69,810,000	197,026,000
Cotton, unmanufactured	Pound	93,107,000	84,443,000
Tobacco, unmanufactured	Pound	60,968,000	64,544,000
Flaxseed	Bushel	12,324,000	14,724,000
Castor beans	Pound	90,570,000	116,555,000
Potato starch	Pound	4,939,000	7,316,000
Maple sugar and sirup	Pound	3,798,000	12,136,000
Wool noils, wastes, and rags	Pound	3,275,000	15,200,000

Estimates of the acreage required for the production of some of these commodities are not available, but from the yields quoted in the 1939 volume of Agricultural Statistics, I have computed the acreage of production on our own farms displaced by some of the products so imported and listed. The total acres which our farmers might have devoted to such production under a different and proper policy is 14,897,919 for the importations for only 10 months.

Add to that acreage displacement that required for the remainder of the $897,000,000 of importations, including vegetable oils and many other items, it will be found that from foreign lands we imported an acreage production greater than that which our farmers have devoted to the growing of cotton, rice, tobacco, and sugar.

My computations are as follows:

	Importations	Acres displaced
Cattle	664,339	3,986,034
Meat ... pounds	[1] 136,552,000	3,000,000
Barley ... bushels	745,000	37,000
Oats ... do	2,612,000	100,000
Wheat ... do	9,310,000	660,000
Barley malt ... do	1,510,000	65,671
Hay	35,550	18,000
Tapioca ... pounds	295,088,000	202,670
Tobacco	64,544,000	64,544
Flaxseed	14,724,000	1,646,000
Cotton	84,443,000	168,000
Wool	197,000,000	3,700,000
Sugar ... tons	1,158,000	1,250,000
Total		14,897,919

[1] 500,000 head more.

It does not seem sensible to me to continue policies which expand agricultural production in foreign lands while we are paying out hundreds of millions of dollars to restrict and reduce production here at home. Nor does it seem sensible to me to add to the farm income of other lands as our own farm income continues to decline. Give our own farmers parity or cost-of-production prices and they will provide a wider, better, and more certain market for our industries than all the rest of the world combined.

The press reports that the International Harvester Co. made a net profit of $12,980,000 last year. In the report of the company it is stated its total sales in this country were $188,778,000, a falling off of about $12,000,000 from the previous year's net returns. Its total foreign sales were $79,249,000, or $5,800,000 less than in 1938. Its average sales to the 6,800,000 farmers in this country were less than $28. Given the power to buy, our farms would have had to increase their machinery purchases by an average of $11 per farm to have absorbed the entire products exported by the company.

The report further states that the company's foreign business—

> Has frequently been subject to uncertainties, and at times severe losses have actually occurred. However, the operating profits of this business have absorbed these losses.

To what extent the home sales have absorbed the losses in foreign business is not stated. It would be interesting to know how much of the losses sustained by many companies in foreign trade have been absorbed by their domestic business. The American farmer is the best and safest purchaser of farm machinery, and adding to his income the amounts which are being paid to foreign farmers for imported products would result in greater sales of farm equipment than can be made abroad.

I shall vote against continuing the trade-treaty policies. I believe that they are proving detrimental to our farmers, and that whatever advantages claimed for them are more than offset by that detriment. I am convinced that the rehabilitation of agriculture is the only way to a permanent prosperity, and any policy which serves to lessen that recovery is not sound, in my opinion. I am not concerned with the partisanship involved in the discussion. I am concerned with the principles involved. [Applause.]

Mr. CROWTHER. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. BREWSTER].

Mr. BREWSTER. Mr. Chairman, I share the concern of all our friends for a recovery that shall put 10,000,000 unemployed back to work. Six years of New Deal trade agreements

have not measurably reduced the unemployed. The farm problem is still with us.

I am in favor of reciprocal-trade agreements, but I am not in favor of the most-favored-nation clause, which to me is simply dressing a Christmas tree for all the other commercial nations of the earth.

I am also in favor of following the policy, adopted by all democratic nations of the earth other than ourselves, requiring ratification of any such agreements by our legislative body in accordance with the plain spirit and intent of our Constitution. Such ratification in other countries has been required in practically every agreement we have adopted in recent years, including in particular the Canadian agreement. Why in our country alone must democracy be denied?

However, I want to address myself more particularly here to one point which was raised very forcefully by the distinguished chairman of the great Committee on Ways and Means regarding the relationship between political contributions and tariff payments. As he said very forcefully, it seemed to him to be a very interesting coincidence that—

> Those who had responded most liberally when the campaign hat was passed had the loudest and most effective voices in the distribution of the pie.

The doughty chairman of this great committee should bear in mind the old adage that "People who live in glass houses shouldn't throw stones."

A few days ago there was revealed on this floor a most amazing administrative action, originating in the State Department, allowing free entry of Newfoundland fish into our American markets under a monopolistic arrangement with a great American corporation that will be practically the sole beneficiary of this Treasury decision.

By precisely the same logic the gentleman employs of contributory cause and effect, it is possible to demonstrate that a campaign contribution of $21,500 purchased this concession.

I was at some pains to avoid placing any responsibility on the parties most immediately involved, but the gentleman in his discussion seems to have established a different set of rules. Certainly sauce for the Republican goose is sauce for the Democratic gander.

The chairman denounces the inside track afforded special interests in determining tariff rates—the desks in the outer office.

Here we have a gentleman not merely with a desk in an outer office, but with an entire suite of corner offices and a corps of secretaries in the State Department, from which this proposal first emerged.

Here is one of the "60 families" contributing $21,500 to the Democratic campaign fund and here is a corporation in which this family owns 500,000 shares securing free entry for Newfoundland fish to the almost certain destruction of the fishing interests of New England and to the almost certain profit of this corporation to the tune of millions of dollars in the years to come. Under the logic of the distinguished chairman, this would certainly be pronounced a good investment.

I charge no impropriety. The gentleman should be equally considerate of others whom he does not hesitate to denounce on exactly the same evidence.

I might also mention sugar. As a result of the concession made by the administration under the legislation urged upon the House by the gentleman, the American people have seen certain interests profit to the extent of over $40,000,000 a year. It has not benefited the American consumer in any way, according to the testimony of the Tariff Commission. It has not materially benefited the poor people of Cuba, while American interests were benefiting to the amount of $40,000,000.

Contributions, I assume, are unquestionably made.

We have heard from the gentleman from Oklahoma where American interests profited by importing foreign oil as a result of tariff concessions to the tune of $3,000,000 a year, and surely the oil interests will recognize their benefactors in proper ways.

But I am more particularly interested in a matter discussed here the other day regarding fish, that means something to New England. In this instance it does not involve a tariff regulation but an administrative interpretation coming after 10 long years, when suddenly the Treasury Department discovers, after being approached by the State Department and after lengthy briefs and extended secret argument by private interests, that there should be no tariff imposed upon millions of pounds of Newfoundland fish that might be brought free of duty into this country. By the very logic which the gentleman so persuasively employs I would call attention—as I did not on the floor the other day when I expressly declined to charge certain individuals with responsibility—to a contribution by this family of $21,500 to the Democratic campaign fund. This family has an interest of 500,000 shares in the benefits accruing to this corporation by the monopolistic practice they enjoy under this Newfoundland agreement and Treasury decision. I would say that people who live in glass houses should be very careful that they do not cast stones. I still refrain from charges of any character. I simply follow the example of the gentleman in calling attention to the facts. Before the gentleman denounces the tariff barons of other years he should invite attention not only to tariff concessions but to administrative rulings favoring individuals very intimately associated with the administration of which the gentleman is a part. [Applause.]

THE GOLD RACKET

Let us also keep in mind the gold racket of this administration and look about for the beneficiaries.

Last year Uncle Sam gave Europe over $3,000,000,000 in goods on credits in return for 100,000,000 ounces of perfectly useless gold. No wonder the gold mines of the world are being worked overtime. This may be the last year of the greatest racket yet practiced upon a gullible America. Russia is feverishly producing gold at a cost of $11 an ounce to sell to the United States at $35 an ounce. By the end of this year we shall have given Russia $1,000,000,000 for gold we neither want nor need on which Russia will make a clean profit of over $600,000,000.

Curiously enough the amount we paid Europe for gold last year approximated our budgetary deficit.

Assistant Secretary of State Adolf Berle has already proposed that a little later we shall give this gold back to Europe. Presumably this will be accomplished through an international bank that the United States will be permitted and expected to finance with the $18,000,000,000 in gold we have now accumulated—over 60 percent of all the gold in the world.

This policy is justified as a means of building up our export trade. If this theory is sound why could we not double our export business and further reduce our surpluses and also make a further bookkeeping profit of $18,000,000,000 by doubling the price we pay for gold? This would provide for our Budget for the next 2 years or reduce our national debt nearly to the point at which it started to climb some 7 years ago.

Certainly foreign countries would much prefer to get $70 an ounce for their gold instead of $35 an ounce and would be entirely willing we should value our holdings on any basis that we should choose. Eventually the gold racket will collapse like the Mississippi bubble and the American people will have had one more lesson in the chicanery of international finance. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty Members are present—a quorum.

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCORMACK].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 35 minutes.

Mr. McCORMACK. Mr. Chairman, from the outset of the hearings conducted by the Committee on Ways and Means the minority members, the Republican members, have deliberately made it a political issue. The speeches made on the floor by most of the Republican members, particularly of the Ways and Means Committee, have clearly shown that so far as this bill is concerned, the leadership of the Republican Party in the House is making it a political issue. Utterances have been made which have amazed me. Members have made statements that are not only erroneous but are inconsistent with the true facts. Appeal has been made to emotions and fear. The gentleman from Maine [Mr. BREWSTER], who just left the floor, and I, together with other Members, the gentleman from Maine [Mr. OLIVER], the gentleman from Massachusetts [Mr. BATES], and the gentleman from Massachusetts [Mr. CONNERY], cooperated in a nonpartisan effort to correct the situation of which he has just complained, and he knows that situation arises as a result of provisions of the Hawley-Smoot Act.

He knows that paragraph 1730 of the act of 1930 contains the provisions upon which the Treasury Department made the decision of which he complains. In other words, the gentleman from Maine [Mr. BREWSTER] injects as a political issue into this fight something that, first, has nothing to do with reciprocal-trade agreements; and second, tries to create the impression that the Democratic Party is responsible for something that lies at the doorstep of the Republican Members of the Congress which drafted the Smoot-Hawley bill of 1930.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes; having mentioned the gentleman by name, I will yield.

Mr. BREWSTER. Will the gentleman also make it clear to this body and the country that it took 10 years to discover that any such thing was possible?

Mr. McCORMACK. Let us not confuse the issue. The origin of the Treasury's decision lies in the 1930 act. The gentleman himself, or any other Member, no matter how partisan he is, knows that no department would take any action until the matter was called to its attention by some person, firm, or corporation who was interested. About 2 years ago the General Sea Foods Co. went up to Newfoundland and made some kind of a deal with the Government of Newfoundland, which I do not personally approve. As a result of that deal, the American consul called the matter to the attention of the State Department. He was simply doing his duty. The State Department in turn called it to the attention of the Treasury Department. It was a question, therefore, of the interpretation of paragraph 1730 of the 1930 act. That paragraph could have been there for 100 years more, or any period it was law, without action under it unless some American concern went up to Canada and sought to obtain the advantages of the provisions of paragraph 1730 of the Tariff Act of 1930, which was drafted and passed by a Republican Congress.

I am not going to criticize the Republicans of 1930 because of that particular provision, although they are to blame. We all make mistakes. I do not refer to it in a critical sense, but simply in a historical sense, to see that the RECORD contains the truth. My friend, the gentleman from Maine, and I have worked together on this matter. I talked with him earlier this afternoon. I said, "Let us keep this nonpartisan and let us try and get results; let us work together. Play politics all you want to, but keep it out of this issue." When my friend takes the floor and then tries to blame the Democratic administration, I submit in all fairness without regard to party it is improper and it is not fair, when the truth is that his own party is to blame.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. If the gentleman disputes anything I have said, I will yield; yes. Did I not talk with the gentleman this afternoon?

Mr. BREWSTER. The gentleman did.

Mr. McCORMACK. Did I not talk with the gentleman on this subject?

Mr. BREWSTER. Yes.

Mr. McCORMACK. Did I not ask the gentleman to keep it out of partisan politics?

Mr. BREWSTER. I want to say in justice to the gentleman that he has cooperated to the fullest extent in our attempt to remedy this situation.

Mr. McCORMACK. I will cooperate with anyone to remedy something that I think should be corrected.

Mr. BREWSTER. My remarks were addressed exclusively to the statements of the gentleman from North Carolina, and I expressly stated on the floor of this House that I exculpated Mr. Joseph Davies from responsibility.

Mr. McCORMACK. The gentleman brought it into the debate from the angle of criticism of the Trade Agreements Act when the fact is that this situation is traceable to the 1930 Tariff Act. That is where the legal authority exists for the action taken. Whether it is right or not I do not know. My opinion is that it is not. But that is where the authority is found. A company went up to Newfoundland and entered into negotiations with the Government of Newfoundland, and the result was that the situation was formally called to the attention of the State Department and referred to the Treasury Department. Even if your administration had been in power the same thing would have happened. No action had been taken before that, and there might have been no action taken for a hundred years unless an American company wanted to take advantage of the provisions of paragraph 1730 of the Tariff Act of 1930. There would be no necessity for interpreting it until someone went up there. That is what happened, and the present situation developed. We now come back to the 1930 act. The whole action was the result of provisions contained in paragraph 1730 of that act.

We talk about politics. I do not know what you call that, but I call it unadulterated politics, and it is not politics consistent with the true facts.

I like the gentleman from Maine [Mr. BREWSTER]. What I have said—the truth, as he admits—is purely impersonal. The gentleman from Wisconsin [Mr. KEEFE] made a very powerful argument about some Members on the Democratic side going down and appearing before the Committee on Reciprocity Information, and I can see the reason for his argument. But what is wrong with that? I remember when the 1930 act was up for consideration; Republican Members voted against specific items of the bill; Republican Members tried to have a lower or a higher tariff put on certain items or commodities. That was perfectly all right. They were acting within their rights. Yet when they were defeated in their efforts to amend a specific item they voted for the passage of the bill. They were consistent.

The gentleman from Oregon [Mr. PIERCE] and the gentleman from Texas [Mr. WEST], as well as others named by the gentleman from Wisconsin [Mr. KEEFE], were doing what they had a right to do and what they should do. This does not necessarily mean they are opposed to the program any more than a Republican in 1930 who voted against some particular provision of the Tariff Act, or tried to amend it, and later voted for the passage of the bill, was against that act.

Mr. KEEFE. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Wisconsin.

Mr. KEEFE. May I suggest to the gentleman that he read these statements in tomorrow's RECORD. He will find that the statements were a great deal broader than the gentleman indicates. Read those statements.

Mr. McCORMACK. The gentleman from New York [Mr. FISH] talked about the dignity of the House. He talked about the 13 hours' debate constituting destruction of representative government or something of that kind. I do not want to criticize him, but let us get the record straight. This procedure in the House has been going on for 150 years, and it is in accordance with proper procedure. There is nothing new in it. The father and grandfather of the distinguished gentleman from New York [Mr. FISH] were great men in their day, but the same procedure was going on then when they were Members of the Congress. I am not criticizing the gentleman, but if he did not want the agreement of 12 hours

debate adopted he could have objected to the unanimous-consent request. Everyone knows you cannot have the same rules in a body consisting of 435 Members that you have in a body consisting of 90 members. I am not saying that the rules should not be made a little more liberal.

I am not saying that the Senate does not abuse unlimited debate. I am not entering into that subject. But it is a good thing that we have the two Houses constructed and set up the way they are. The business of the people must be done. If we had unlimited debate here, we would never get through any business or any legislation, as you all know. The larger a legislative body the more necessary it is that in order to function there must be a limitation on the right of complete individual action among the members of such body. Furthermore, we are operating under the same rules that existed when the Republicans were in control of the House.

Let us look at the political background of this type of legislation. Let us see from where it emanates.

In 1892 in the platform of the Republican Party there was the following plank:

> We point to the success of the Republican policy of reciprocity, under which our export trade has vastly increased and new and enlarged markets have been opened for the products of our farms and workshops. We remind the people of the bitter opposition of the Democratic Party to this practical business measure, and claim that, executed by a Republican administration, our present laws will eventually give us control of the trade of the world.

In 1896 there was this plank:

> We believe the repeal of the reciprocity arrangements negotiated by the last Republican administration was a national calamity, and we demand their renewal and extension on such terms as will equalize our trade with other nations, remove the restrictions which now obstruct the sale of American products in the ports of other countries, and secure enlarged markets for the products of our farms, forests, and factories.

Again, in 1904 the Republican national platform included the following plank:

> We have extended widely our foreign markets, and we believe in the adoption of all practicable methods for their further extension, including commercial reciprocity wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labor, or any American industry.

In this statement of the Republican Party, we concur. We also favor reciprocal arrangements without injury to American agriculture, American labor, or any American industry. And, through trade agreements we are now carrying out that very program which the Republican leadership in the House now attempts to defeat for purely political reasons.

The legislative history also shows that President McKinley recommended and received the power to make certain bilateral agreements with senatorial approval. We find that 11 were made and submitted to the Senate, but not one was confirmed. The twelfth agreement, requiring senatorial confirmation, was not even submitted to the Senate because the President and the Secretary of State knew it would be useless—that it would not be confirmed. We know of the message of President McKinley, which is carried, verbatim, in the minority report of the Republican Members. As a result of the legislation then enacted, which required senatorial approval of certain bilateral agreements, although 11 were submitted, none were approved by the Senate. Shortly before the unfortunate and regrettable assassination of President McKinley, in a speech at Buffalo, he stated his views, which, as I interpret them, were different from those contained in his inaugural message.

He had had the sad and disappointing experience of 12 agreements entered into, none consummated; 11 submitted to the Senate, but with no senatorial action. He saw his noble, constructive, and progressive efforts defeated by the log-rolling of the high protectionists of those days.

He stated shortly before his unfortunate assassination:

> We have a vast and intricate business, built up through years of toil and struggle, in which every part of the country has its stake, which will not permit either neglect, or of undue selfishness. No narrow, sordid policy will subserve it. The greatest skill and wisdom on the part of the manufacturers and producers will be required to hold and increase it. Our industrial enterprises which have grown to such great proportions affect the homes and occupations of the people and the welfare of the country. Our capacity to produce has developed so enormously, and our products have so multiplied that the problem of more markets requires urgent and immediate attention. Only a broad and enlightened policy will keep what we have. No other policy will get more. In these times of marvelous business energy and gain we ought to be looking into the future, strengthening the weak places in our industrial and commercial systems, that we may be ready for any storm or strain.
>
> By sensible trade arrangements, which will not interrupt our home production, we shall extend the outlets for our increasing surplus. A system which provides a mutual exchange of commodities is manifestly essential to the continued and healthful growth of our export trade. We must not repose in fancied security that we can forever sell everything and buy little or nothing. If such a thing were possible, it would not be best for us or for those with whom we deal. We should take from our customers such of their products as we can use without harm to our industries and labor. Reciprocity is the natural outgrowth of our wonderful industrial development under the domestic policy now firmly established. What we produce beyond our domestic consumption must have a vent abroad. The excess must be relieved through a foreign outlet, and we should sell everywhere we can, and buy wherever the buying will enlarge our sales and production, thereby making a greater demand for home labor.
>
> The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

The experience of President McKinley shows that reciprocal-trade agreements cannot be successfully consummated if senatorial or congressional approval is required. This is legislation confined to an emergency. We are not considering permanent legislation. It would be unwise and detrimental to the best interests of our country, having in mind the experiences of President McKinley, to provide for senatorial or congressional approval while the present world emergency exists.

The circumstances which confronted McKinley were identical with those which confront us today. Our farms, our industry, our workers can only be served now by adopting the same reciprocity policy which he recommended then. That was the policy recommended in 1934 by President Roosevelt, and which we seek to extend now.

Again we find President Taft writing a confidential letter to former President Roosevelt under date of January 10, 1911, in which he said:

[Confidential]

THE WHITE HOUSE,
Washington, January 10, 1911.

MY DEAR THEODORE: Just at present I am in the midst of reciprocity matters and it would gratify me a great deal to talk over with you this issue. I have, as you have known, always been a low-tariff and downward-revision man, and the reason why I favored the last tariff bill and praised it as the best one we had ever had was: That the consideration of it on its passage and the efforts of those who defended it afterward to show that it was a downward revision were all a concession by the Republican Party that downward revision was necessary, and that the rule upheld by Shaw and Cannon and other stand-patters of the orthodox type that no tariff could be too high, because what you needed was a Chinese wall, had been departed from. Now, the probability is that we shall reach an agreement with out Canadian friends by which all natural products—cereals, lumber, dairy products, fruits, meats, and cattle—shall enter both countries, free, and that we shall get a revision—not as heavy a one as I would like but a substantial one, and equivalent certainly to the French reciprocity treaty and probably more—on manufactures.

The truth is that the minute we adopt in convention the proposal that our tariff should be measured by the difference in the cost of production we necessarily adopt a rule which would lead us straight to reciprocity in natural products with Canada, because the conditions of the two countries are so similar that there is substantially no difference in the cost of production. Possibly labor is slightly lower in some parts of Canada than in the United States, but it is also higher in some parts, and the adoption of free trade would rapidly increase the cost of labor in those parts where it is cheaper in Canada, so that the conditions would be the same.

It might at first have a tendency to reduce the cost of food products somewhat; it would certainly make the reservoir much greater and prevent fluctuations. Meantime the amount of Canadian products we would take would produce a current of business between western Canada and the United States that would make Canada only an adjunct of the United States. It would transfer all their important business to Chicago and New York, with their bank credits and everything else, and it would increase greatly the demand

of Canada for our manufactures. I see this is an argument against reciprocity made in Canada, and I think it is a good one.

The proposition is to make an arrangement by which we shall present to both Houses of Congress an identical bill and pass it as an agreement for joint legislation. In this way we would avoid the necessity for two-thirds in the Senate and would secure at once the consent of the House, which in tariff matters is generally regarded as necessary, at any rate. This will cause a great commotion, I presume. It will be unpopular in New York because of certain lumber-manufacturing interests and the dairy interests. It will be unpopular in Minnesota because of wheat; but, on the other hand, free lumber will be popular in some places, and as it includes free paper and free wood pulp we may count on the fairly good support of the press.

This letter, of course, I must ask you to regard as confidential, though I would be glad to have you discuss with your colleagues on the outlook for such a proposition and should be glad to hear from you as to your judgment of it.

I think it may break the Republican Party for a while. As Elihu Root said when I talked with him yesterday, it may be an entering wedge against protection, although it is not inconsistent with the principle of protection as we laid it down in Chicago. Of course, it will be said against it that we are taking agriculture and making it suffer first because we tackle wool and cotton. The bill is not likely to pass the present Congress, and before the new Congress comes together I think I shall be able to make some recommendations as to the wool and cotton schedules and present a problem to the Democrats which they are not likely to find an easy one. At least it will show the hypocrisy of some people. Of course, this is not ground whatever for introducing and pressing such a measure. I believe it to be right, and if it leads, on the other hand, to a reduction in wool and cotton manufactures to the lowest figures and to what is a real measure of the difference in the cost of production, so much the better.

I shall be glad to hear from you as soon as you conveniently can write on this subject, because the matter is just at hand, and it is quite likely that within 10 days we shall reach an agreement.

Sincerely,

WILLIAM H. TAFT.

President Taft received a reply from that great American who in life was condemned by the reactionaries of his day who could not control him, but after death was a political saint, as he should be, the late President Theodore Roosevelt. The answer was dated January 12, 1911, and read as follows:

OFFICE OF THEODORE ROOSEVELT,
THE OUTLOOK, 284 FOURTH AVENUE,
New York, January 12, 1911.

DEAR MR. PRESIDENT: I at once took in your letter and went over it with the Outlook editors.

It seems to me that what you propose to do with Canada is admirable from every standpoint. I firmly believe in free trade with Canada for both economic and political reasons. As you say, labor cost is substantially the same in the two countries, so that you are amply justified by the platform. Whether Canada will accept such reciprocity I do not know, but it is greatly to your credit to make the effort. It may damage the Republican Party for a while, but it will surely benefit the party in the end, especially if you tackle wool, cotton, etc., as you propose.

Ever yours,

THEODORE ROOSEVELT.

It is rather a marked coincidence, to say the least, that the very interests which both of those great Americans knew would oppose President Taft's reciprocity program with Canada are the same opponents which aline themselves against the legislation we are debating today.

Yet we Democrats do not go as far as Presidents Taft and Roosevelt did in recommending free trade with Canada. This legislation does not produce that result—free trade. It only removes unnecessary and restrictive trade barriers. It goes in the direction of the leadership of the Republican Party, as stated by Presidents McKinley, Taft, and Roosevelt, in trying to remove unreasonable trade barriers in their days. In trying to reduce prohibitive tariffs that are destructive of our general welfare, and which are costing the consumers of America hundreds and hundreds of millions of dollars each year, we Democrats are carrying out in this emergency the farsighted and wise program of the Republican Presidents I have mentioned.

In the House the Republican leadership—and I say not all the Republican Members, but the Republican leadership—is making this a political fight. I challenge the Republican Party to put in its platform in its next convention a plank stating they stand for the repeal of the emergency reciprocal trade agreements legislation which we are now undertaking to extend.

The Republican leadership here is opposing it, but the leadership throughout the country, the leadership of the Republican Party throughout the country, are practically unanimous in the support of this program and the beneficent results that have flowed therefrom. If there should be any support of this legislation in this body, it certainly should come from the Republican side of this Chamber.

Now, let us go a step further. Tariff? Oh, I remember not so long ago when the favorite appeal of the high protectionists, those who wanted this "Chinese wall," to which former President Taft so well referred, when they appeared before the committee was that, "We have to have this to preserve the American standard of living." That was in the days when labor was unorganized.

The same men who hurled labor to the front, the workingmen, would not dare say, "We want high tariffs, unnecessary tariffs, for our profits," so they said, "We want it to preserve the American standard of living." Yes; labor was unorganized, and those same high protectionists fought the right of labor to organize. The same men who fought for the high prohibitive tariffs, using American labor as the front through which they covered up what they were really doing with the public, were at the same time trying to prevent labor from organizing so it could get some of the rights to which it was properly entitled. But now labor is organized; collective bargaining is recognized by law; and they cannot "pull the wool" over labor any more. Labor has its own fact-finding bodies. Labor hires its own trained personnel. Labor is not responding to the appeal that was made before, when labor was deliberately exploited not for protection but for unreasonable profits and for the purpose of obtaining monopoly, all at the expense of the consumers, of whom labor and the farmer are the main elements.

The day of exploiting labor is over, in the main, but now the farmer is the one they are substituting. They say now they are trying to protect the farmer. Labor has caught up with them. The farmer has not, so they think; I wonder if the farmer is going to be fooled and deceived for three or four decades by the high protectionists the same as labor was in its unorganized status—used and exploited by the same groups, the high protectionists of the past.

I wonder if they think they can fool the farmer. I wonder if the farmer is going to permit himself to be fooled or deceived by this appeal, where they are stuck out in front and the legislator responds to the appeal of helping the farmer when, as a matter of fact, the farmer is the cover-up for their real objective, the obtaining of high duties and high tariffs for the purpose of milking the American consumers, of whom the farmer and his family are a very powerful and important element.

I wonder if the farmer will remember when President Hoover sent his message to Congress in 1928 or 1929 calling for a limited revision of the tariff for the purpose of aiding agriculture, and not aiding anyone else. He kept his campaign pledge. I respect President Hoover, and I admire him. I admire all Presidents, but I respect him personally, in addition to the admiration I have for any man who has been or is or will be President of the United States. He kept his promise, but the Republicans in Congress then did not keep the promise they made. The high-tariff interests, those who wanted to exploit the consumer, came down, and out of that recommendation of a limited revision for the purpose of aiding agriculture came the iniquitous Smoot-Hawley Tariff Act which practically everyone condemned and which President Hoover himself signed only after great hesitancy. His message given to the public at the time of signing clearly showed that he expected the abuses to be corrected by the use of the flexible provisions of the Tariff Act. Under the present Reciprocal Trade Agreements Act, the Democrats have and will continue to correct the abuses of that iniquitous piece of legislation.

I wonder if the farmers are going to forget that the promises made to them in 1928 were not kept by the Republican Members of Congress who were then in control. Instead, the Republicans gave to the farmers and to the people of the

country the iniquitous Smoot-Hawley tariff bill, which everyone knows was written by Joe Grundy, representing the powerful vested interests of the country, particularly those located in and emanating from the State of Pennsylvania.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am sorry; I only have a few minutes. I know the gentleman will not misunderstand my not yielding to him. It is nothing personal.

Now, let me give another reference of the insincerity of the opposition. On page 23 of the minority report will be found these words:

The attitude of labor in general toward the trade-treaty program was fully brought out during the hearings in the statement of Mr. Matthew Woll, vice president of the American Federation of Labor and president of the American Wage Earners Protective Conference.

Matthew Woll did not appear as vice president of the American Federation of Labor. Matthew Woll specifically testified he was not appearing in his capacity as a member of labor, or as an official of the American Federation of Labor, but he was specifically appearing as the representative of the American Wage Earners Protective Conference, and yet the innuendo, if not the direct statement, is contained in the minority report which conveys only one thought and one impression, that Matthew Woll, the vice president of the American Federation of Labor, was putting the American Federation of Labor on record against the pending bill.

Now, what do the Republicans offer?

We believe Congress should immediately authorize an investigation of the whole question with a view to working out a combined tariff and reciprocity policy—

Why, they agree in their minority report to a reciprocity policy. That is why they recommend an investigation with a view to a combined tariff and reciprocity policy—

(a) that protects our vital interests; (b) one that is truly flexible—

Is the present law not flexible, and truly so?—

(c) one that is geared to deal with foreign trade upon a realistic basis along constitutional lines. Consideration should be given to the creation of some independent agency to deal with both matters.

Some independent agency. Is not that what we have now? What would they do? What is an illustration of what they probably have in mind? Here is a bill, S. 3238, introduced by a distinguished Member of the other body, a man whom I respect, and a potential candidate of the Republican Party for President, Senator VANDENBERG, entitled, "A bill to abolish the United States Tariff Commission, to create a Foreign Trade Board, and for other purposes."

This is what they offer. This carries out the general suggestions of the minority, even though in their report they use the old idea that when you are going to propagandize, never particularize, never propose anything specific, because you are open to criticism. If you are going to be a propagandist, just say general things, because then anyone can place his own interpretation on what you say.

But here we have a bill introduced which pretty nearly fits in with the recommendations of the minority except along the lines of congressional approval. This is the most far-reaching bill ever introduced in any Congress of the United States.

It is a bill which delegates extraordinary power. It gives this board the power to destroy business. It gives this board complete control of all foreign commercial matters, all foreign activities relating to commerce, and if a board has complete power to control our foreign commercial activities and business transactions, of necessity it must have the power to control domestic transactions. This is what Germany did. Germany started on this journey and then realized they could not control their foreign exchange or control their foreign business without also controlling their domestic business.

There is only one way this bill could be carried out if it became law and that would be to have the United States become a dictatorship; not to continue under democratic and constitutional processes of government. I recommend to all Members the reading of this bill. This bill is the same, insofar as its general purposes are concerned, as the Trade Agreements Act and the foreign trade board which it creates will perform exactly the same functions as those now carried on by Interdepartmental Trade Agreements Committee and the Executive Committee on Commercial Policy.

This bill would not give to this country any benefits which it does not now enjoy under the Reciprocal Trade Agreements Act but it does so extend the powers which have been granted under section 350 of the Tariff Act of 1930 as to make the foreign trade board an all-powerful agency which could regulate every phase of our economic life under the guise of promoting our foreign trade.

Section 4 establishes a board similar to the Tariff Commission which the bill destroys and merely makes the board a substitute for the Interdepartmental Trade Agreements Committee established under Executive order to carry out the workings of the trade-agreements program. The provisions of this section pertaining to the publication of statistical and other trade information simply call for the continuance of the policy which is now in effect, of publishing data pertaining to items included in trade agreements. To the extent that other trade data might be published, the Department of Commerce, the Department of Agriculture, the Tariff Commission, and other Government agencies now make such information available. And, we should not overlook the fact that this section also limits this function of making information available by the proviso:

That any such information, statistics, or data may be made available in confidence, if, in the judgment of the President, it is incompatible with the public interest to have them made public.

Section 5, which deals with the general powers and duties of the board, provides nothing new except that when read in light of sections 11 and 13 it so broadens any existing powers as to give to the board the rights to regulate all of our trade and all of our commerce.

Section 11 gives the board the right to compel—

Every person within the United States engaged in any of the following transactions—

And then it lists several types of foreign-exchange transactions—

to furnish under oath to the board complete information relative thereto, in such form and in such detail as the board may require, including the production of any books of account, contracts, letters, or other papers in connection therewith in the custody or control of such person, either before or after the transaction is completed.

Now, do not misunderstand me, I would not object to the delegation of such powers if the general powers given to the board were not so sweeping. Whether or not Senator VANDENBERG realizes it, the board, under a broad interpretation of its powers, could control every kind of financial transaction which crosses the borders of this country. And every country which has ever attempted to enforce such a control found that the very nature of the commercial and financial process forced it to control not only transactions directly relating to foreign business but also all transactions of a domestic nature.

And, as if this was not enough, section 13 provides:

After its investigation with respect to any article, the board shall recommend to the President such * * * additional duties and import restrictions with respect to such an article as it deems necessary to prevent the importation of such an article—

Under conditions set forth in the bill. But where is the limitation on this delegation? Where is the 50-percent limitation which the Democrats saw fit to impose under the Trade Agreements Act? Further down in section 13 we find:

The President shall, by proclamation, approve and make effective the modifications * * * recommended by the board.

Where is the requirement for congressional or senatorial approval? We do not find it in section 13 or any other section of the bill. Can this mean that the Republican opposition is not sincere in its request for such congressional action and

uses this argument against the Trade Agreements Act only because it cannot find any solid basis for opposing this wise and sound emergency legislation?

This bill confers all of the powers now contained under this law, under the laws that we have passed, but it confers also additional power. It gives unlimited power that no act of Congress has ever granted to any President or agency of the Federal Government. In their desire to offer something as a substitute for what the present law contains, being passed by a Democratic administration, a bill is offered by the Republicans that is a hundred times more far reaching in its delegation of power than the law under which we are operating which the pending bill undertakes to extend.

A few days ago in an article by Walter Lippmann there was given an interpretation of the proposed bill, and it called to the attention of the country the dangerous provisions of the bill if it ever should become enacted into law. Numerous papers in their editorials have called attention to this dangerous and extensive delegation of power. And yet that is the bill of a potential candidate for the Presidency of the United States, offered as a substitute for the present law. If this bill ever became a law it would require a dictatorship, a dictatorial form of government in order to enforce its provisions. Mr. Chairman, the Republican leadership and the people of the country are behind this trade-agreements bill. I refer to the "Republicans of the country." The national leadership of the party, in the main, are behind the bill. The leadership in the House here are opposed to it, because they are opposed to anything that the Democrats may propose. Is that the duty and function of a minority party? No.

A prominent Republican from Massachusetts was in my office yesterday. He said to me:

Congressman McCORMACK, you would be surprised at the number of Republicans who lack confidence in the leadership of the Republican Party in Congress on foreign affairs. The people of the country and particularly the Republicans are practically unanimously behind the President on his foreign-affairs policy, under present world conditions.

That gentleman is a strong Republican. He told me the Republicans of the country have a "lack of confidence." Not the Republicans in the House but the Republicans in the country, in the leadership in Congress of the Republican Party, in their blind opposition to the foreign policy of the present Democratic administration.

The minority Members made this a political issue. The leadership of the Republicans in the House have made it a political question. We on the Democratic side accept the challenge. There is nothing that we need fear. [Applause on the Democratic side.] In 1936 Governor Landon made a speech condemning this legislation and the bottom dropped out of what campaign strength he had up to that time. You all remember that "babassu nut" speech. That is one speech that he regretted making.

The people of the country are behind this bill. The Republican leadership for partisan purposes might possibly expect to have some Democrats join with them. I hope they will not. I hope the Democrats will do as I did 2 years ago when I said that if the amendment that I offered to strike the "third basket" out of the tax bill was defeated, I would nevertheless vote for the bill.

Make your fight, if you are interested in a particular amendment, and I particularly refer to my friend from Oklahoma, if he is going to offer his amendment. Make your fight and make your record, but vote for the passage of the bill. It is one of the greatest measures ever proposed for dealing with emergency conditions, and one of which we Democrats might well feel proud. Let us defeat all amendments. I refer to all amendments, and particularly to the one requiring congressional approval and the so-called import excise tax amendment. If this bill is amended to provide for congressional approval, you do not need the power given the President. He can make the agreement under existing law. If that amendment is adopted, you would not need any legislation. The President has that power under the Constitution. Defeat that amendment. Defeat the amendment of the gentleman from Oklahoma on excise taxes.

If you are going to eliminate excise taxes on imports, why should we not eliminate any particular item on which a straight duty is now imposed. If you adopt that, why not an amendment to eliminate the duty on anything else that at present is on the dutiable list. Say, on gloves. These excise taxes are tariff duties and the courts have so ruled. The effect is the same. They apply to imports. Let us defeat all amendments. Let us put the bill through as reported by the committee, as recommended by President Roosevelt, and as so ably supported by one of the greatest Secretaries of State that our Government has ever had, the Honorable Cordell Hull. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Resolved, etc., That the period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended by the act (Public, No. 316, 73d Cong.) approved June 12, 1934, is hereby extended for a further period of 3 years from June 12, 1940.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. COOPER having resumed the chair as Speaker pro tempore, Mr. WOODRUM of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the resolution, House Joint Resolution 407, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks by including therewith an excerpt from the opinion of Justice Taney in the case of Holmes against Denison, in which he draws a distinction between a treaty and an agreement.

The SPEAKER pro tempore (Mr. COOPER). Without objection, it is so ordered.

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days within which to extend their remarks on the subject matter of the bill we have had under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. WOODRUFF] may have permission to insert in connection with his remarks that he made today in Committee of the Whole certain official tables and statements, including excerpts from the hearings before the Ways and Means Committee.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. WHITE] may have the privilege of extending his own remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. KEEFE. Mr. Speaker, I ask unanimous consent that I may include in the remarks I made in Committee of the Whole certain letters to which I referred, and also statements of certain testimony referred to in the Committee.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include a speech by Col. Louis Johnson.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to incorporate certain brief newspaper clippings in my address made in Committee of the Whole House today.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

RECIPROCAL-TRADE AGREEMENTS

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a proposed amendment I shall offer to House Joint Resolution 407.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, ladies, and gentlemen of the House, at the proper time I intend to offer to House Joint Resolution 407 an amendment to assist in protecting agriculture and in order that the membership of the House may be thoroughly familiar with it, I have asked that it be printed in the RECORD. I urge at the time it is offered that you give it your support. The amendment is as follows:

Amendment offered by Mr. PETERSON of Florida: Page 1, at the end of the joint resolution, strike out the period and insert a comma and the following wording: "that in the negotiation of any new agreement or agreements under the authority of section 350 of the Tariff Act of 1930 as amended by the act, Public, No. 316, Seventy-third Congress, or under the authority granted by the extension of the act under this joint resolution or in the renewal or extension of any existing agreement under authority of said act or any extension or renewal thereof, the tariff or import duty upon all agricultural or horticultural products shall be maintained at a point which will at least equalize the difference in cost of production thereof in the country or countries dealt with and the United States as determined by the United States Tariff Commission as of the date any such new or extended agreement becomes effective."

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks on the pending bill and include therein a definition of reciprocity and reciprocal from Webster's dictionary, and certain brief excerpts of testimony on the Hawley-Smoot bill and speeches delivered on the floor of the House on that bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MASSINGALE. Mr. Speaker, at the request of my colleague, the gentleman from Oklahoma [Mr. JOHNSON], I ask unanimous consent that his remarks on the pending bill may be extended in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to include in the remarks I made in Committee of the Whole certain excerpts from the hearings before the Ways and Means Committee.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ZIMMERMAN. Mr. Speaker, I ask unanimous consent to extend my remarks on the pending bill and to include therein certain excerpts from statements made by the National Cotton Council of America and other excerpts pertaining to the bill.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include therein a letter from the East Liverpool, Ohio, Trades and Labor Assembly.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. RABAUT. Mr. Speaker I ask unanimous consent to include in my remarks made in Committee of the Whole today some short tables and some extracts.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

THE LATE FREDERICK MURPHY

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, on February 15 Minnesota and the United States lost a great citizen in the person of Frederick Murphy, editor of the Minneapolis Tribune.

To give the Members an idea of the breadth of vision of Mr. Murphy, I want to read a paragraph from an editorial from the Minneapolis Tribune regarding Mr. Murphy, which is relevant to this discussion we are having here today.

This editorial is as follows:

[From the Minneapolis Times-Tribune]

FREDERICK E. MURPHY

In the life of Minneapolis and the Northwest, which he loved with a fine constancy and served with tireless devotion, Frederick E. Murphy built solidly and well.

He built not alone for the present but for the future. He built for the general welfare, and not alone for any special group or interest. His plans were unselfishly conceived and dedicated to the broad interests of the city and the region in which his life was deeply rooted, and they were executed in the spirit of one who finds, in the challenging problems of the day, an irresistible summons to the public service.

Mr. Murphy answered that summons with a relish and a will. When he became publisher of the Minneapolis Tribune in 1921 he accurately gaged the opportunities for service which were his, and faced with unflinching courage the task of helping to create for the Northwest a new and better order.

How wisely he planned, how ruggedly he built, how patiently he applied himself to vital details—these evidences lie on every hand and remain, on his death, as an enduring memorial. In a sense Mr. Murphy's work was preeminently one of regional statesmanship. He conceived of the Northwest as a great economic and social unit, one predominantly agricultural, and yet a unit whose vast and varied interests demanded a close and farsighted integration. That the well-being of the farmer was fundamental to the well-being of the entire Northwest, that it underlaid the prosperity of industry, and that Minneapolis could only grow and flourish as agriculture received its just due he believed with an unfaltering conviction. Mr. Murphy had observed the tragic consequences of one-crop farming. He had observed the harsh impact on the Northwest of an agricultural economy based on high costs and low returns. He was convinced that the salvation of the Northwest lay in low costs and high returns for the farmer, and toward that end he labored unceasingly.

It was with this goal in view that he initiated the Tribune's far-reaching program to encourage diversified and scientific farming. It was with this in mind that he sought to expand the Northwest's dairy industry on a sound basis, and that he launched his pure-bred sire campaign. It was to this purpose that he established an experimental farm near Breckenridge, that he interested himself in parity prices for the farmer, that he embraced every movement devoted to crop improvement and the betterment of farm methods. This same conviction took him often to Washington, where he was a forthright pleader for the rights and interests of the Northwest's farmers, and where he was deeply respected as an authority on agricultural problems.

The fight which Mr. Murphy led against the Smoot-Hawley tariff bill in 1929 and 1930 was typical, in a way, of the firmness and determination with which he always met a challenge to the farmers' interests. He perceived in that bill a grave menace to northwest agriculture. Believing it to be the source of disastrous inequities which threatened the Nation's whole economy, he made a tremendous and unforgettable fight against it—a fight the repercussions of which were felt from one end of the United States to the other.

This same firmness and determination were evidenced again in Mr. Murphy's labors in London, where he was America's delegate to the World Wheat Conference at the World Economic Conference of 1933. Chosen by President Roosevelt for that high responsibility because of his standing as an agricultural leader, Mr. Murphy brought to that conference, a broad knowledge of the problems confronting it, and an infinite amount of tact and patience. In no small degree it was through his genius for conciliation that its premature adjournment was avoided, and in that council of world statesmen he proved himself to be the strongest single force for understanding, good will, and cooperative action.

But it was not as regional statesman, nor yet as one whose influence extended far in world affairs, that Mr. Murphy will be best remembered by those who knew him as friend, associate, and counselor. To them his death will mean the passing of a man of infinite kindliness, of warm sympathies, of a gentle and sensitive nature. Mr. Murphy's ideals were built of granite, and his purposes were made of steel, but neither steel nor granite suggests the tenderness which was an inseparable part of him—the compassion for others which marked the fullness of his life. Mr. Murphy won loyalty because he gave it in brimming measure. He won devotion because he was always the devoted friend, considerate in all things, and unselfish in all circumstances.

Perhaps no one sensed less than he the veneration in which those who knew him intimately held him, for his was a modesty which verged on shyness, and self-effacement was as natural to him as the impulse for self-sacrificing service. For the Tribune and Times-Tribune family, Mr. Murphy's death leaves a great void. The relationship was not coldly impersonal and institutionalized; it was a warm and living thing, and at the heart of it was the loyalty and affection which he gave to his employees, and which they returned spontaneously, as to an understanding and devoted father.

Mr. Murphy was ever patient. He took pride in the Tribune organization, and watched over it with a deep personal concern that reached down to the smallest details. That organization will miss him sorely, as will Minneapolis and the great Northwest region whose destinies he helped to guide and fashion. But the life he lived so richly, the leadership he gave so freely, the example of a public-spirited citizen who built so wisely and well for his community, will remain for all of us an inspiration which death can never dim.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting this editorial.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

SOUTHERN LIZARDS

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. PATRICK. Mr. Speaker, it has been called to my attention that on page 344 of the World Almanac, Alabama is referred to as the Lizard State. Because of the attention the World Almanac commands in the life of America, I feel that something ought to be done about this.

Alabama is called the Cotton State and may be called by other names in other parts of the country, but so far as I am able to ascertain—and I was born and raised there—we do not have any more lizards, and they do not crawl any more lowly or any more peculiarly, and we take no greater pride in them than they do in some of the adjoining States. Now, I understand that in Texas, for instance, and in Arizona, they have lizards they take pride in, and Alabama certainly would not want to take away from either of those States anything of this sort they may lay claim to. I just thought I would take advantage of this opportunity to make these few remarks as a Representative from Alabama hoping they will in some way reach the publishers of the World Almanac, and that Alabama will no further be acclaimed as being the Lizard State. [Laughter.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. BRADLEY of Michigan asked and was given permission to extend his own remarks in the RECORD.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the Committee of the Whole this afternoon by including excerpts from letters.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio speech made by my distinguished colleague the gentleman from Pennsylvania [Mr. BOLAND] on the subject of reciprocal-trade agreements.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. DWORSHAK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein several brief resolutions adopted by farm organizations.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by President D. Ormonde Walker, of the Wilberforce University on the subject, Third-Term Myths.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LEMKE. Mr. Speaker, I ask unanimous consent to include at the end of the remarks I made in the Committee of the Whole this afternoon a list of the officers and directors of the American Manufacturers' Export Association, and also a list of imports during the year 1938.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

HOUR OF MEETING ON FRIDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet at 11 a. m. on Friday.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. Under the special order of the House heretofore entered the gentleman from Wisconsin [Mr. MURRAY] is recognized for 15 minutes.

THE RECIPROCAL-TRADE TREATIES AND THE DAIRY FARMER

Mr. MURRAY. Mr. Speaker, in opening this discussion today, I wish to state that reciprocal-trade treaties can mean the McKinley kind, whereby we exchange our domestic surpluses for necessary products not produced in our country, and the kind, like the present reciprocal-trade treaties, where we lower tariffs, even on competitive products which are produced in abundance in our own country. The question of the tariff appears to be just a matter of "whose ox is being gored."

I have contended, since their inception, that the New Deal trade treaties were injurious to American agriculture. In the Seventh Wisconsin District, which I have the honor to represent, we have 493,000 head of dairy cattle and 1 out of every hundred dairy cows in the United States. The Seventh District produces over 63,000,000 pounds of cheddar cheese annually or over one-tenth of the national production of cheddar cheese. The district also produces over 20,000,000 pounds of butter annually.

With this volume of milk and with the hundreds of capable cheese and butter makers employed in this industry, it is fitting that the dairy interests of the district be carefully guarded. As livestock and livestock products represent 90 percent of the farm income, livestock and dairy prices are the lifeblood of the district. In the United States over 58 percent of the national farm income of seven and one-half billion dollars is from livestock and livestock products.

TWO STATEMENTS

Mr. Speaker, I propose to prove today, beyond question, first, that the New Deal trade treaties have been injurious to the dairymen of this country, and second, that the New Deal trade treaties have been detrimental to the general agriculture of the Nation. [Applause.]

WHAT HAS HAPPENED TO THE CHEESE INDUSTRY

First. When each of the two Canadian trade treaties were put into effect there was a very marked reduction in the price of cheese. This was accompanied by a very marked increase in imports.

Cheese was 17 cents per pound on January 1, 1936, when the first Canadian treaty went into effect. This treaty reduced the tariff 2 cents per pound and the price of cheese immediately dropped to 15 cents per pound or an amount equal to the 2 cents reduction in the tariff. The price kept going down due to tariff reduction and seasonal influence until it reached 12.5 cents per pound, right in the face of declining storage stocks. There were 99,000,000 pounds in storage on January 1, 1936, and only 85,000,000 pounds in storage on July 1, 1936. The drought in 1936 caused prices to advance in midsummer; prices rose from 12.5 cents low and the imports increased from 116,122 pounds in July, August, and September 1935 to 5,428,939 pounds in the same 3 months of 1936, and there was an increase of 4,675 percent in imports or 46 times as much. This importation was followed by a marked price decline.

There were 768,932 pounds of cheddar cheese imported in 1935. The price of cheese had been gradually rising each year up until December 1935 when it was 17 cents per pound. Then along came the New Deal reciprocal-trade treaty and we find in 1936 that instead of anything like the 768,932 pounds import of 1935 we had an import of 10,844,681 pounds of cheddar cheese or an increase of 1,410 percent in the imports and a marked reduction in price.

In 1938, when the average price of cheese was only 12.6 cents per pound for the year and much below parity, the second treaty was made with Canada and the tariff was reduced another cent per pound. While the price was 12.8 cents per pound in December 1938 it immediately dropped to 11.8 cents per pound in January 1939, or 1 cent, the exact amount of the reduction in the tariff.

IMPORTATIONS IN 1938 AND 1939

Now, let us look at the importations for the 2 years of 1938 and 1939. Due to low prices, there were only 1,815,333 pounds of cheddar cheese imported in 1938, while in 1939, after the reduction in the tariff of an additional 1 cent per pound, there was an immedate rise in imports which totaled 6,351,785 pounds in 1939, or an increase of 349 percent in imports. In August 1939, due to the drought in the milk-producing area of the United States, prices advanced in dairy products, and in October alone we imported 3,259,467 pounds, or over one-half the imports for the whole year during this 1 month. The result was that cheese prices never did reach the 1935 peak, which existed before the days of the treaties. This importation of three and one-fourth million pounds in the one month of October 1939 is nearly twice the total imports of 1938—1,815,333 pounds. This was the largest amount imported in any one month for many years. This importation of three and one-fourth million pounds in 1 month may not mean much to officeholders with assured salaries, nor would-be professors who have read a book or two on economics and thus qualified for expert opinions, but it truly has a meaning to the thousands of dairy farmers who have been fighting to keep their farms with a 7-year New Deal average of 13.2 cents per pound for cheese and 26 cents for butter.

Year	Imports of cheddar cheese	Tariff	Percent increase in imports due to tariff reduction
	Pounds		
1935	[1] 768,932	7 cents per pound	1,410
1936	[1] 10,844,681	5 cents per pound	
1938	[1] 1,815,333	do	349
1939	[1] 6,351,785	4 cents per pound	

[1] Source: U. S. Tariff Commission.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. MURRAY. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. The gentleman maintains that these excessive imports under the New Deal American sell-out agreements, which they have disguised as reciprocal-trade agreements, are responsible for the present deplorable condition of the dairy farmer?

Mr. MURRAY. I firmly believe they are a contributing cause. The price of cheese during the last 7 years has been 13.2 cents.

Mr. SCHAFER of Wisconsin. In order to confirm the gentleman's statement, let us take a New Deal authority. The gentleman remembers that a New Deal leader, a member of the Ways and Means Committee, which reported this bill, the distinguished gentleman from the Seventh Congressional District of Virginia, Mr. ROBERTSON, appeared before the Committee for Reciprocity Information on October 17, 1939, in favor of maintaining a 10-cent-per-pound tariff on imported turkeys which was put into effect under the Smoot-Hawley Tariff Act. This distinguished New Deal leader made one of the finest high protective tariff speeches which was ever made in or out of the Halls of Congress. He claimed that the importation of 100,000 turkeys from foreign countries would depress and wreck our whole American turkey market, although our American annual production was 32,000,000 turkeys. This New Deal leader's own position applied to dairy products positively proves that the imports of dairy products, which the gentleman from Wisconsin has mentioned, has depressed and wrecked our whole American dairy market.

Mr. MURRAY. I think that is true. The above facts are sufficient evidence to prove to any fair-minded man in this world that these New Deal trade treaties have cost the dairy farmers of America untold millions of dollars.

Just as soon as dairy prices get anywhere near the cost of production, the imports start pouring in to such an extent that the farmer does not have a possible chance of getting parity price or the cost of production.

COMPARISONS OF CHEESE PRICES

Cheddar-cheese prices, during the last 4 pre-New Deal years when economic conditions in the world were at their lowest point, averaged higher—14.7 cents per pound—than have the prices of cheese the 4 years of the reciprocal-trade treaties—14.1 cents per pound (source: U. S. Tariff Commission). In addition, things the farmer buys have materially advanced in price.

The average price of cheese for the 7 pre-New Deal years was 17.5 cents per pound, and the average price for the 7 New Deal years was 13.2 cents per pound. Each cheese farmer can compute his personal loss by adding 30 percent onto the milk checks which he has received during the past 7 years.

No living individual, regardless of the position he holds in the Department of Agriculture, can, in face of the above facts, prove that the reciprocal-trade treaties have done anything but harm to the dairy farmers of this Nation. It is well to note that there was not one farm organization which endorsed these trade treaties without a "stinger" on the end of the endorsement. They were for the treaty unless the tariff was reduced on a product which was below parity, or they were for the treaty as long as it did not affect the products raised by their members. The tariff was even reduced so that $90,000,000 worth of competitive farm products were imported at the same time $30,000,000 was taken from the taxpayers of this country to purchase the same surplus commodities.

ADDITIONAL FACTS

According to Bulletin 200, United States Department of Agriculture and Wisconsin State Department of Agriculture, page 41, the United States farm price for butter for the 7 pre-New Deal years was 36 cents per pound. The average price of butter the last 4 pre-New Deal years was 32 cents per pound. The average price for butter for the 7 New Deal years was 26 cents per pound, or 23 percent less than the last 4 pre-New Deal years and 38 percent less than the 7 pre-New Deal years. In 1939, after 6 years of the New

Deal, butter averaged only 25.8 cents per pound. There were 6,954,000 pounds of butter exported the past 7 years, and 45,524,000 pounds of butter imported during the same period. This shows six and a half times more imports than exports.

From the above-entitled bulletin, page 33, I find that the average price for milk received by farmers in the United States averaged $2.12 per hundredweight the last 6 pre-New Deal years and only $1.68 per hundredweight the first 6 New Deal years, or 26 percent less per hundredweight.

The 42 percent reduction in the tariff on cheese—from 7 cents down to 4 cents—not only had an injurious effect on the price of cheese but was also indirectly detrimental to the prices of butter. Many milk prices have been based on the combined price of cheese and butter. This reduction of 3 cents in the tariff on cheese is equal to a 6 cent per pound reduction of the tariff on butter. Any reduction of the tariff on butter would meet a national objection as it has a national production. It would take political courage to reduce the tariff on butter as it would be certain to have universal opposition. Cheese is produced in comparatively small areas and about half of the national production is in Wisconsin.

PROOF THAT THE NEW DEAL TRADE TREATIES HAVE BEEN DETRIMENTAL TO GENERAL AGRICULTURE

The following tables show the imports and exports since March 1, 1933, to December 1, 1939.

TABLE I.—*Total value of United States foreign trade*

Year	Exports including reexports	General imports
1933	[1] $1,457,000,000	[1] $1,270,188,000
1934	2,133,000,000	1,655,000,000
1935	2,283,000,000	2,047,000,000
1936	2,456,000,000	2,423,000,000
1937	3,349,000,000	3,084,000,000
1938	3,049,000,000	1,961,000,000
1939	[2] 2,810,000,000	[2] 2,071,000,000
Total	17,537,000,000	14,511,188,000

[1] All imports and exports for January and February 1933 subtracted from total figures for 1933. January and February 1933 imports and exports obtained from State Department.
[2] For first 11 months of 1939.
Source: State Department, Jan. 16 and 29, 1940.

By studying the above figures, first we find in table No. I a favorable trade balance of all foreign business of 20 percent ($17,537,000,000—$14,511,188,000=$3,025,812,000). By favorable trade balance, I mean we exported 20 percent more dollars worth of products than we imported.

TABLE II.—*Total value of United States foreign trade in agricultural products*

Year	Exports	Imports	
		Not produced at all in the United States	Supplementary agricultural imports
1933	[1] $604,325,000	[1] $316,496,000	[1] $316,341,000
1934	733,000,000	408,000,000	413,000,000
1935	747,000,000	483,000,000	589,000,000
1936	709,000,000	547,000,000	695,000,000
1937	797,000,000	711,000,000	868,000,000
1938	828,000,000	479,000,000	477,000,000
1939	[2] 578,000,000	[2] 522,000,000	[2] 476,000,000
Total	4,996,325,000	3,466,496,000	3,834,341,000

[1] All imports and exports for January and February 1933 subtracted from total figures for 1933. January and February 1933 imports and exports obtained from State Department.
[2] For first 11 months of 1939.
Source: State Department, Jan. 16 and 29, 1940.

Second. We find in table II that we have an unfavorable agricultural trade balance of 46 percent for the first 7 New Deal years ($3,834,341,000+$3,466,496,000=$7,300,837,000) ($7,300,837,000—$4,996,325,000=$2,304,512,000), 46 percent.

TABLE III

Year	All exports	All imports
1936	$2,456,000,000	$2,423,000,000
1937	3,349,000,000	3,084,000,000
1938	3,049,000,000	1,961,000,000
1939	2,810,000,000	2,071,000,000
Total	11,664,000,000	9,549,000,000

Third. Now, let us look and see what has happened the last 4 years with the reciprocal-trade treaties in effect. From chart No. III for the 4 reciprocal-trade-treaty years we find a favorable trade balance of $2,115,000,000, or 22 percent in our total world trade.

TABLE IV.—*Agriculture in treaty years*

Year	Agricultural exports	Imports	
		Not produced in United States	Supplementary agricultural products
1936	$709,000,000	$547,000,000	$695,000,000
1937	797,000,000	711,000,000	868,000,000
1938	828,000,000	479,000,000	477,000,000
1939	578,000,000	522,000,000	476,000,000
Total	2,912,000,000	2,259,000,000	2,516,000,000

$2,259,000,000+$2,516,000,000=$4,775,000,000.
$4,775,000,000—$2,912,000,000=$1,863,000,000, or 63 percent.

The imports of competing crops nearly equal our total agricultural exports.

Fourth. The foregoing figures in table IV show that we had agricultural imports of $4,775,000,000 and agricultural exports of only $2,912,000,000, or an unfavorable agricultural trade balance of $1,863,000,000, or 63 percent.

TABLE V.—*For years of 1936, 1937, 1938, and 1939*

Total exports	$11,664,000,000
Total agricultural exports	2,912,000,000
Total nonagricultural exports	8,752,000,000
Total imports	9,549,000,000
Total agricultural imports	4,775,000,000
Total nonagricultural imports	4,774,000,000

Fifth. Let us look at table V. When we deduct the agricultural exports and imports from the total exports and imports, we find that we have a total of $8,752,000,000 in nonagricultural exports and $4,774,000,000 in nonagricultural imports. This gives a favorable trade balance of $3,978,000,000 in our foreign business with agricultural products eliminated from the computations as shown in table V.

I would like to ask my colleague the gentleman from Illinois [Mr. KELLER] to say what would happen to the present administration if it reduced the tariff on butter 6 cents per pound. I doubt if the present administration has the political courage to take the tariff off of butter.

I yield to the gentleman from Illinois.

Mr. KELLER. Will the gentleman give me the price of cheese and butter immediately following the enactment of the Smoot-Hawley tariff up to the administration of Franklin D. Roosevelt, not for the 7 years prior?

Mr. MURRAY. I can give the gentleman these figures.

Mr. KELLER. I want all of them.

Mr. MURRAY. I cannot remember the exact figures, but I can furnish the gentleman with them.

Mr. KELLER. I mean 1930, following the Smoot-Hawley Act.

Mr. MURRAY. The gentleman is getting into political matters. I may say that in 1930 the Democrats took over the House of Representatives and butter was 36 cents a pound. It has never been 30 cents a pound any year since. There is a question whether it was the Smoot-Hawley bill or

the Democratic control of the House of Representatives that caused it.

Mr. KELLER. I would like to know about that.

Mr. MURRAY. I have the book here. It is Bulletin No. 200, U. S. D. A. and W. D. A. I will be glad to show the gentleman this book. The 1932–33 price of butter was 24 cents and the 1933–34 price was 21.45 cents, and 1939 price estimate is 25 cents per pound.

Mr. KELLER. Put it in the RECORD.

Mr. SCHAFER of Wisconsin. In order to keep the record straight, the Democrats have vitriolically denounced the Smoot-Hawley tariff bill. At the 1930 elections, the Democrats or new dealers obtained control of the House and elected Mr. GARNER Speaker. The Republicans obtained a paper majority of one in the Senate, but the New Deal had a working majority. Under the Constitution, tariff legislation must originate in the House of Representatives. In the Congress elected in 1930 they did not even bring out of the committee a bill or a resolution, a line or a syllable, to reduce one rate of the Hawley-Smoot bill—not even to reduce the tariff rates on aluminum pants buttons one-half of 1 percent—although they demagoged and denounced the Hawley-Smoot tariff bill and included in their denunciation a bitter attack on alleged tariff protection extended to Andy Mellon and the Aluminum Trust.

Mr. MURRAY. I thank the gentleman for the information. It seems all individuals like to have protection of the Smoot-Hawley tariff for their own districts but like to reduce the tariff on products from other sections, like the 42-percent reduction of the tariff on cheese.

[Here the gavel fell.]

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin be permitted to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MURRAY. I just want to leave one more message here. Not any number of these sidewalk farmers around here will change my opinion any about the New Deal trade treaties, because I have lived right where their damage was most evident to farmers, businessmen, and labor.

Mr. KELLER. I will read the answers the gentleman puts in his remarks to my questions.

Mr. MURRAY. I will answer them, I may say to the gentleman.

I just want you to take this home with you. The fellow who said the New Deal with these treaties was selling the farmer down the river is one of the most modest men I have ever met, because they have not only sold the farmer down the river, they have sold him right out in the middle of the ocean. There is not a Member of this House who can stand here and defend the policy as far as the dairy industry is concerned.

During the 7 years of the New Deal we have had 46 percent more imports than we have had exports of agricultural products. During the last 4 years, with the reciprocal-trade treaties, we have had over 60 percent more imports than we have had exports of agricultural products, while during this same time we jumped our nonagricultural exports up to over 80 percent. In other words, the nonagricultural groups are getting the benefits of it, and the farmer is getting traded off so that industry can sell a few more automobiles and a few more trucks. These are facts that no one can deny.

Mr. KELLER. I observe that the gentlemen who represent the districts that sell the automobiles are, nevertheless, agreeing with the gentleman on this, are they not?

Mr. MURRAY. I would not think so from what I have heard here.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I do not know what the gentleman from Illinois means by his reference to the automobile districts, but in my home town I have some 22,000 or 23,000 employees on the automobile pay roll, and I have not supported any reciprocal trade agreements program.

Mr. MURRAY. I understood the gentleman from Michigan to say he does not care to sell the farmers out for what particular benefit might be given to nine counties in the United States. I thank you for your opinion.

Mr. KELLER. What I meant, if I did not say it, was simply this, that I understand that the gentlemen who represent the industrial districts that the gentleman says are getting all the benefits of this program are nevertheless with him in his contention against the present treaties. I believe that is true.

Mr. MURRAY. May I ask the gentleman from Michigan if he believes that is true?

Mr. CRAWFORD. I still do not understand the gentleman from Illinois, for some of those who have spoken today from automobile Detroit, we will say, are very much in favor of the reciprocal trade agreement program. I believe the industries of Detroit are in favor of the reciprocal trade agreement program, based on the presentations their spokesmen have made before the Committee on Ways and Means, but there are Members of the House who represent segments of the automobile industry who have not supported the reciprocal trade agreement program because, in their judgment, the treaties run so contrary to the interests of the people engaged in agricultural pursuits.

Mr. MURRAY. I thank the gentleman.

Labor rightly protests the imports of cheap foreign manufactured goods and the farmer who also is a laborer can rightly protest cheaply produced foreign crops. With as high as 50 percent of the farm loans delinquent in many sections, this is an important question.

If the farmer today has a 79-cent dollar and industry a $1.22 dollar, does it not appear that these trade treaties, which give a 63-percent unfavorable trade balance to agriculture and an 83-percent favorable nonagricultural trade balance, are factors in helping to create this situation?

On page 7, February 16, 1940, issue of the United States News we find the well-known New Deal Attorney General, Robert Jackson, quoted as follows:

> The unvarnished truth is that the Government's recovery program has succeeded nowhere else so effectively as in restoring the profits of big business. Labor has had no such advance. The small merchant has had no such prosperity. The small manufacturer has had no such advantage.

I would like to say that the Attorney General should have added the farm people, who represent 25 percent of our people and who have less than 10 percent of our national income and have nearly 50 percent of the buying power of our country, to his list. The reciprocal-trade treaties may be a part of the recovery program for big business, but they bring a hardship to the farmers of this country.

OTHER ANGLES OF THE TRADE TREATIES

I have tried to refrain from being partisan in this study of the effect of the trade treaties. I have not pointed out how the totals of agricultural exports are encouraged by a 30-cents-per-bushel export bounty on wheat, which is 50 percent or more of its farm value in many instances. Neither have I pointed out how this present wheat program would be carried on without the benefit of a protective tariff. If I were partisan, I would say that the reason I oppose the Canadian reciprocal trade treaties is for the same fundamental reason that 15 Democrats appeared before the State Department to oppose the trade treaties. They thought the Argentine treaty would work a hardship to the farmers in their district. They were correct in their conclusion. I think that the Canadian treaty has worked, and is working, a hardship to the farmers, cheese makers, butter makers, and businessmen of my district. If the Canadian treaty was of benefit to the dairymen of this country, I am sure the Argentine treaty would have been good for the turkey raisers, the beef producers, and

other farm groups which opposed it strongly. It is a matter of general knowledge that 15-cent butter and 8-cent cheese can be profitably produced in the Argentine, so we should all be thankful that this treaty was not made this year.

If I were partisan, I would also call your attention to the fact that when this tariff was reduced by 42 percent not one dairy group in America asked for the reduction. It is said that experts furnished this information. It looks like high-handed proceedings, and I surely would like to find out who the experts were that recommended the 42-percent reduction in the tariff on cheese.

THE DAIRY EXPERTS

I have been particularly anxious to find out why the so-called dairy experts recommended a further reduction of 1 cent a pound in the tariff on cheese in the second Canadian treaty, which went into effect January 1, 1939. The results of the first Canadian treaty showed that the price of cheese had already been reduced to ruinous levels and the imports were increased by 1,410 percent when this first Canadian treaty went into effect January 1, 1936. Cheese in 1938 was only 12.6 cents per pound, not over two-thirds of parity or cost of production, and a valid reason for a further reduction in the tariff at that time would be interesting to hear related but difficult to conceive.

I have not been able to find out who the experts were, and I personally question their interest in the dairy farmers of America.

THE POWER

A rubber-stamp Congress may delegate this power to make treaties. The treaties may, or may not be, legal. There is one thing certain, and that is, that no Congress has the moral right to delegate its powers to any one man to have direct control of every milk check of every farmer in America, and the grocery bill of every citizen of our country.

It surely takes a person with imagination to conclude that Congress is capable of making laws to regulate—and in many cases in much detail—the domestic business of our country which attained an estimated volume of $375,000,000,000 in 1939, and then conclude this same Congress incapable of regulating four or five billions worth of foreign business.

If the leaders of this country want to make this country an industrial country and then import cheap foreign products from countries where labor gets as low as 5 and 10 cents an hour, they should frankly so state, and the American farmer can farm accordingly. He should not be deceived by highly praised trade treaties that ruin his business.

WHO PAYS FOR THE PROPAGANDA?

I would also like to know what department is paying the salaries and expenses of the emissaries who are traveling around from State to State to preach the doctrine of giving the farmers' market away through the reciprocal-trade treaties and putting him in competition with the peasants of Europe and the peons of South America. If cheese farmers had received parity, Wisconsin cheese farmers alone would have been enriched by over $100,000,000 the past 7 years, to say nothing about the losses of the butter and condensed-milk producers.

On January 26, 1940, I received a letter from Mr. Raymond B. Stevens, Chairman of the United States Tariff Commission, in answer to my inquiry as to the percentage of tariff reductions. Quote:

> There have been numerous reclassifications brought about through trade agreements. Therefore it is not possible to say with exactness just how many articles are still dutiable at rates provided for in the Tariff Act of 1930. Roughly speaking, it appears that the rates on about 25 to 30 percent of the articles in the act of 1930 have been changed by trade agreements. In other words, 70 to 75 percent of our import items are still dutiable at the rates provided for in the Tariff Act of 1930.

One question naturally arises, and that is, If the Tariff Act of 1930 was so injurious to the people of this country, why is it not repealed and openly replaced by a fairer tariff? Why make a mixed-up cross-purpose program in trying to solve the problem, such as reducing the tariff on cheese 42 percent and not taking off any tariff on butter. One thing is certain, and that is, if agriculture can suffer as much as it has with 25 to 30 percent of the tariff schedules reduced, what is going to be the situation when the other 70 to 75 percent of the schedules are reduced? How about the Argentine treaty of the future?

It takes political courage to meet this problem, but it should be met in such a way that no competitive agricultural products are imported to ruin United States producers, whose products are not bringing parity prices. There is certainly no reason to continue to sell 6,000,000 farmers "down the river" so that a few can have the "more abundant life."

The first step to follow in order to solve the farm problem is to obtain parity price for the farmers' products, and if this is going to be attained by lowering his tariff, then black is white and the world is flat. [Applause.]

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2773. An act to authorize the payment of compensation to recess appointees in certain cases; to the Committee on Expenditures in the Executive Departments.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 112. An act to facilitate control of soil erosion and flood damage on lands within the Ozark and Ouachita National Forests in Arkansas;

H. R. 1456. An act for the relief of Maj. Herbert A. Jacob;

H. R. 2860. An act for the relief of Ben Willie Jones, as legal representative of Thelma Jones, a deceased minor;

H. R. 3391. An act providing payment to employees, Bureau of Reclamation, for mileage traveled in privately owned automobiles;

H. R. 3794. An act to establish the Kings Canyon National Park, Calif., to transfer thereto the lands now included in the General Grant National Park, and for other purposes;

H. R. 4198. An act for the relief of M. L. Parish;

H. R. 6084. An act for the relief of Katheryn S. Anderson;

H. R. 7050. An act for the relief of certain former disbursing officers for the Civil Works Administration; and

H. J. Res. 456. Joint resolution making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain emergency relief appropriation acts.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1850. An act to aid the States and Territories in making provisions for the retirement of employees of the land-grant colleges;

S. 2867. An act to authorize the Administrator of Veterans' Affairs to transfer by quitclaim deed to the Pennsylvania Railroad Co., for right-of-way purposes, a small strip of land at Veterans' Administration facility, Coatesville, Pa.;

S. 2868. An act to facilitate the procurement of aircraft for the national defense; and

S. 2876. An act to amend the Annual and Sick Leave Acts of March 14, 1936.

ADJOURNMENT

Mr. KELLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 5 minutes p. m.) the House adjourned until tomorrow, Thursday, February 22, 1940, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting on Thursday, February 22, 1940, at 10 a. m., before the petroleum subcommittee of the Committee on Interstate and Foreign Commerce. Industry will be heard.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold hearings at 10 a. m. on the following dates on the matters named:

Friday, February 23, 1940:

H. R. 7639, to provide for the examination of civilian nautical schools and for the inspection of vessels used in connection therewith, and for other purposes.

Tuesday, March 12, 1940:

H. R. 5476, to create the Alaska Fisheries Commission, and for other purposes.

H. R. 6690, making further provision for the protection of the fisheries of Alaska, and for other purposes.

H. R. 7542, to amend section 6 of an act of Congress entitled "An act for the protection of the fisheries of Alaska, and for other purposes," approved June 6, 1924.

H. R. 7987, to amend section 1 of the act of June 6, 1924, as amended, relative to the fisheries of Alaska.

H. R. 7988, making provision for employment of the residents of Alaska in the fisheries of said Territory, and for other purposes.

H. R. 8115, making provision for employment of residents of Alaska only in the salmon fishery of the Bristol Bay area, Alaska, during the year 1940.

H. R. 8172, to amend section 5 of the act of Congress approved June 26, 1906, relative to the Alaska salmon fishery.

Tuesday, March 19, 1940:

H. R. 6136, to amend the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911 (36 Stat. 1353; 34 U. S. C. 1122), so as to authorize an appropriation of $50,000 annually to aid in the maintenance and support of marine schools.

H. R. 7094, to authorize the United States Maritime Commission to construct or acquire vessels to be furnished the States of New York, Massachusetts, Pennsylvania, and California for the benefit of their respective nautical schools, and for other purposes.

H. R. 7870, to extend the provisions of the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, to include Astoria, Oreg.

COMMITTEE ON ROADS

The Committee on Roads will resume hearings at 10 a. m. Monday, February 26, on H. R. 7891, to assist the States in the improvement of highways, when the United States Commissioner of Public Roads will be heard.

COMMITTEE ON THE CENSUS

Beginning Tuesday, February 27, 1940, the Committee on the Census will hold hearings at 10 a. m. in room 213, Old House Office Building, on the reapportionment of Representatives in Congress.

COMMITTEE ON THE JUDICIARY

On Wednesday, February 28, 1940, at 10 a. m. there will be continued before Subcommittee No. I of the Committee on the Judiciary public hearings on the following bills:

H. R. 3331 and S. 1032, to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes; and

H. R. 6395, to extend the provisions of the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes," approved June 30, 1936, to certain contracts carried out with the aid of Federal funds.

The hearings will be held in room 346, House Office Building.

COMMITTEE ON PATENTS

The Committee on Patents, House of Representatives, will hold hearings Thursday, March 14, 1940, at 10:30 a. m. on H. R. 8445, to protect the United States in patent-infringement suits. H. R. 8445 is a substitute for H. R. 6877.

The Committee on Patents will hold hearings Thursday, March 21, 1940, at 10:30 a. m., on S. 2689, to amend section 33 of the Copyright Act of March 4, 1909, relating to unlawful importation of copyrighted works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CELLER: Committee on the Judiciary. H. R. 6324. A bill to provide for the more expeditious settlement of disputes with the United States, and for other purposes (Minority Rept. No. 1149, pt. 2). Referred to the Committee of the Whole House on the state of the Union.

Mr. BATES of Massachusetts: Committee on Naval Affairs. S. 2992. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States, at Quantico, Va.; without amendment (Rept. No. 1654). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 8350. A bill permitting official mail of the Pan American Sanitary Bureau to be transmitted in penalty envelopes; without amendment (Rept. No. 1655). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 8398. A bill amending acts extending the franking privilege to widows of ex-Presidents of the United States; without amendment (Rept. No. 1656). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. H. R. 8446. A bill to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended; without amendment (Rept. No. 1657). Referred to the Committee of the Whole House on the state of the Union.

Mr. McLAUGHLIN: Committee on the Judiciary. S. 1935. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; with amendment (Rept. No. 1658). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KEOGH: Committee on Claims. H. R. 2161. A bill for the relief of the Pacific Airmotive Corporation, Burbank, Calif.; with amendment (Rept. No. 1633). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. H. R. 3769. A bill for the relief of the Keuffel & Esser Co., of New York; with amendment (Rept. No. 1634). Referred to the Committee of the Whole House.

Mr. LEONARD W. HALL: Committee on Claims. H. R. 4615. A bill for the relief of Sallie Barr; with amendment (Rept. No. 1635). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 4724. A bill for the relief of Charles F. Martin; with amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 5295. A bill for the relief of the Priest Lumber Co., Inc., with amendment (Rept. No. 1637). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. H. R. 5459. A bill for the relief of George F. Lewis, administrator of the estate of Margaret R. Lewis; with amendment (Rept. No. 1638). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 6334. A bill for the relief of the estate of Clarence Waldrep; with amendment (Rept. No. 1639). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 6552. A bill for the relief of Mrs. Gottlieb Metzger; with amendment (Rept. No. 1640). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 6964. A bill for the relief of Mr. and Mrs. Nathan Kaplan; with amendment (Rept. No. 1641). Referred to the Committee of the Whole House.

Mr. GATHINGS: Committee on Claims. H. R. 7306. A bill for the relief of John R. Elliott; without amendment (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7853. A bill for the relief of the Gallup Mercantile Co., of Gallup, N. Mex.; without amendment (Rept. No. 1643). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on Claims. H. R. 7857. A bill for the relief of O'Brien Bros., Inc., New York City, N. Y.; without amendment (Rept. No. 1644). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 8317. A bill for the relief of the Hermosa-Redondo Hospital, C. Max Anderson, Julian O. Wilke, Curtis A. Wherry, Hollie B. Murray, Ruth M. Laird, Sigrid I. Olsen, and Stella S. Guy; with amendment (Rept. No. 1645). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1372. An act for the relief of W. B. Tucker, Helen W. Tucker, Lonie Meadows, and Susie Meadows; with amendment (Rept. No. 1646). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1442. An act for the relief of Max J. Mobley; without amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

Mr. MACIEJEWSKI: Committee on Claims. S. 1856. An act conferring jurisdiction upon the United States District Court for the District of Rhode Island to hear, determine, and render judgment upon the claim of George Lancellotta; without amendment (Rept. No. 1648). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on Claims. S. 1962. An act granting jurisdiction to the Court of Claims to reopen and readjudicate the case of Carrie Howard Steedman and Eugenia Howard Edmunds; without amendment (Rept. No. 1649). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. S. 2252. An act for the relief of Louis Simons; without amendment (Rept. No. 1650). Referred to the Committee of the Whole House.

Mr. GATHINGS: Committee on Claims. S. 2491. An act for the relief of Edward J. Gebhart; without amendment (Rept. No. 1651). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2531. An act for the relief of Stanley Falk, Howard Franklin, Mrs. Nathan Falk, and Rose Winter; without amendment (Rept. No. 1652). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 3068. An act to provide an additional sum for the payment of a claim under the act entitled "An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938," approved June 19, 1939; without amendment (Rept. No. 1653). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Naval Affairs was discharged from the consideration of the bill (H. R. 8518) for the relief of Joseph F. Hollingshead, and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURCH:

H. R. 8582. A bill to adjust the salaries of rural letter carriers; to the Committee on the Post Office and Post Roads.

By Mr. KNUTSON:

H. R. 8583. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Little Falls, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. LUDLOW:

H. R. 8584. A bill to authorize the construction of a Marine Corps Reserve armory at Indianapolis, Ind.; to the Committee on Naval Affairs.

By Mr. McLEOD:

H. R. 8585. A bill to extend certain benefits of the Canal Zone Retirement Act of March 2, 1931, as amended, to certain employees covered by the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on the Civil Service.

By Mr. WHELCHEL:

H. R. 8586. A bill to make permanent the reduced rates of interest on Federal land bank and land bank commissioner loans; to the Committee on Agriculture.

By Mr. KENNEDY of Maryland:

H. R. 8587. A bill to provide for the reorganization of the government of the District of Columbia; to the Committee on the District of Columbia.

By Mr. MAY:

H. R. 8588 (by request). A bill to provide that certain chiefs of branches of the Regular Army shall be selected from among the brigadier generals of the line, and for other purposes; to the Committee on Military Affairs.

By Mr. STEFAN:

H. R. 8589. A bill to authorize the county of Burt, State of Nebraska, to construct, maintain, and operate a toll bridge across the Missouri River at or near Decatur, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Georgia:

H. R. 8590. A bill providing for the rank of commanders of special naval units afloat; to the Committee on Naval Affairs.

By Mr. WHITE of Idaho:

H. R. 8591. A bill to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service; to the Committee on the Civil Service.

H. R. 8592. A bill to provide for the employment of unemployed miners in prospecting areas on the public lands; to the Committee on Appropriations.

By Mr. DIMOND:

H. R. 8593. A bill to amend the act relating to manifests in Alaskan and insular trade; to the Committee on Ways and Means.

By Mr. ROBERTSON:

H. R. 8594. A bill to authorize the setting aside of an area within the Canal Zone to preserve and conserve its natural features for scientific study, for providing and maintaining facilities for such study, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITE of Ohio:

H. J. Res. 462. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. GEARHART:

H. J. Res. 463. Joint resolution to provide for reciprocal-trade agreements to expand foreign commerce of the United States; to the Committee on Ways and Means.

By Mr. SMITH of Virginia:

H. Res. 387. Resolution authorizing an additional appropriation for the special committee authorized under House

Resolution 258 of the Seventy-sixth Congress; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLUETT:

H. R. 8595. A bill granting an increase of pension to Nellie H. Knapp; to the Committee on Invalid Pensions.

H. R. 8596. A bill granting an increase of pension to Mary Elizabeth Beaver; to the Committee on Invalid Pensions.

H. R. 8597. A bill granting a pension to Marion R. Beecher; to the Committee on Pensions.

By Mr. BATES of Kentucky:

H. R. 8598. A bill for the relief of Samuel Pelfrey; to the Committee on Military Affairs.

By Mr. DEMPSEY:

H. R. 8599. A bill for the relief of Lloyd S. Harris; to the Committee on Claims.

By Mr. DIRKSEN:

H. R. 8600. A bill for the relief of Yone T. Park; to the Committee on Immigration and Naturalization.

By Mr. HAVENNER:

H. R. 8601. A bill for the relief of the Associated Indemnity Corporation and/or Associated Fire & Marine Insurance Co., of San Francisco, Calif.; to the Committee on Claims.

H. R. 8602. A bill for the relief of the Fireman's Fund Insurance Co., of San Francisco, Calif.; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma:

H. R. 8603. A bill for the relief of Charles W. Ruckman; to the Committee on Claims.

By Mr. LESINSKI:

H. R. 8604. A bill to authorize cancelation of deportation in the case of Carmen Guiseppi Charles Spadafore; to the Committee on Immigration and Naturalization.

By Mr. SEGER:

H. R. 8605. A bill for the relief of the estate of Adam Janiec; to the Committee on Claims.

By Mr. SCHUETZ:

H. R. 8606. A bill for the relief of Arthur M. Conroy; to the Committee on Claims.

By Mr. WEAVER:

H. R. 8607. A bill for the relief of L. H. Martin; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6623. By Mr. FLAHERTY: Petition of the Board of Aldermen of Chelsea, Mass., endorsing the increase of the old-age pension from $30 to $40; to the Committee on Ways and Means.

6624. By Mr. PFEIFER: Petition of the American Farm Bureau Federation, Edward A. O'Neal, president, Washington, D. C., urging support of House Joint Resolution 407; to the Committee on Ways and Means.

6625. Also, petition of the International Longshoremen's Association, Local No. 1476, Brooklyn, N. Y., opposing the shipment of refined sugar from the Tropics; to the Committee on Foreign Affairs.

6626. Also, petition of the Maritime Association of the Port of New York, concerning sugar legislation; to the Committee on Foreign Affairs.

6627. Also, petition of William H. Hubbell Camp, No. 4, United Spanish War Veterans, Brooklyn, N. Y., opposing the shipment of refined sugar from the Tropics, thereby protecting jobs of American men and women of Brooklyn; to the Committee on Foreign Affairs.

6628. Also, petition of the New York State Association of Letter Carriers, Newark, N. Y., favoring the enactment of the Keogh longevity bill (H. R. 991) and the Rogers court of appeals bill (H. R. 2569); to the Committee on the Civil Service.

6629. Also, petition of the Kiwanis Club of Williamsburgh, Brooklyn, N. Y., opposing the importation of refined sugar from the Tropics; to the Committee on Foreign Affairs.

6630. By Mr. TALLE: Petition of W. J. Zbornik, of Cresco, Iowa, and others, supporting the Patman chain-store tax bill (H. R. 1); to the Committee on Ways and Means.

SENATE

THURSDAY, FEBRUARY 22, 1940

Rev. John K. Cartwright, D. D., Pastor, Immaculate Conception Roman Catholic Church, of Washington, D. C., offered the following prayer:

O Father Almighty, from Thee comes every good and perfect gift. We thank Thee for that which today we commemorate: the leadership of the great patriot who showed us the way to freedom under Thy providence.

Today our country is the wonder of the world and the hope of the nations. Elsewhere justice gives place to violence and wisdom to hatred. To us Thou hast given quietness and light amidst the darkness.

Quietness and light are ours today, but quietness and light can abide only in the observance of Thy righteousness. We who have long thrown off earthly tyrannies have never denied Thy sovereignty nor repudiated the Kingship of Thy Son from Heaven, who is Christ the Lord.

Grant that the darkness of the peoples may soon be bright and that freedom may heal their wounds. Grant that they, with us, may always seek peace not in the accidents of casual circumstances but in the very source of peace. For them and us grant abiding enjoyment of the peace of Christ in the Kingdom of Christ. In the name of the Father, and of the Son, and of the Holy Ghost. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, February 19, 1940, was dispensed with, and the Journal was approved.

READING OF WASHINGTON'S FAREWELL ADDRESS

The VICE PRESIDENT. Under a standing order of the Senate, the Farewell Address of General Washington will now be read. The Chair has heretofore designated the Senator from Nebraska [Mr. BURKE] to perform that duty. The Senator from Nebraska will kindly come forward.

Mr. BURKE advanced to the desk and read the Farewell Address, as follows:

To the people of the United States.

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States being not far distant, and the time actually arrived when your thoughts must be employed in designating the person who is to be clothed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those, out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured, that this resolution has not been taken, without a strict regard to all the considerations appertaining to the relation which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a